

Case Study for Information Management

資訊管理個案

Achieving Operational Excellence and Customer Intimacy - Enterprise Application: Border States Industries Inc. (BSE) (Chap. 9)

1021CSIM4C09

TLMXB4C (M1824)

Wed 6, 7, 8 (13:10-16:00) B701

Min-Yuh Day

戴敏育

Assistant Professor

專任助理教授

Dept. of Information Management, Tamkang University

淡江大學 資訊管理學系

<http://mail.tku.edu.tw/myday/>

2013-11-27

課程大綱 (Syllabus)

週次	日期	內容 (Subject/Topics)
1	102/09/18	Introduction to Case Study for Information Management
2	102/09/25	Information Systems in Global Business: UPS (Chap. 1)
3	102/10/02	Global E-Business and Collaboration: NTUC Income (Chap. 2)
4	102/10/09	Information Systems, Organization, and Strategy: iPad and Apple (Chap. 3)
5	102/10/16	IT Infrastructure and Emerging Technologies: Salesforce.com (Chap. 5)
6	102/10/23	Foundations of Business Intelligence: Lego (Chap. 6)

課程大綱 (Syllabus)

週次	日期	內容 (Subject/Topics)
7	102/10/30	Telecommunications, the Internet, and Wireless Technology: Google, Apple, and Microsoft (Chap. 7)
8	102/11/06	Securing Information System: Facebook (Chap. 8)
9	102/11/13	Midterm Report (期中報告)
10	102/11/20	期中考試週
11	102/11/27	Enterprise Application: Border States Industries Inc. (BSE) (Chap. 9)
12	102/12/04	E-commerce: Amazon vs. Walmart (Chap. 10)

課程大綱 (Syllabus)

週次	日期	內容 (Subject/Topics)
13	102/12/11	Knowledge Management: Tata Consulting Services (Chap. 11) [Invited Speaker]
14	102/12/18	Enhancing Decision Making: CompStat (Chap. 12)
15	102/12/25	Building Information Systems: Electronic Medical Records (Chap. 13)
16	103/01/01	開國紀念日(放假一天) (New Year's Day)(Day off)
17	103/01/08	Final Report (期末報告)
18	103/01/15	期末考試週

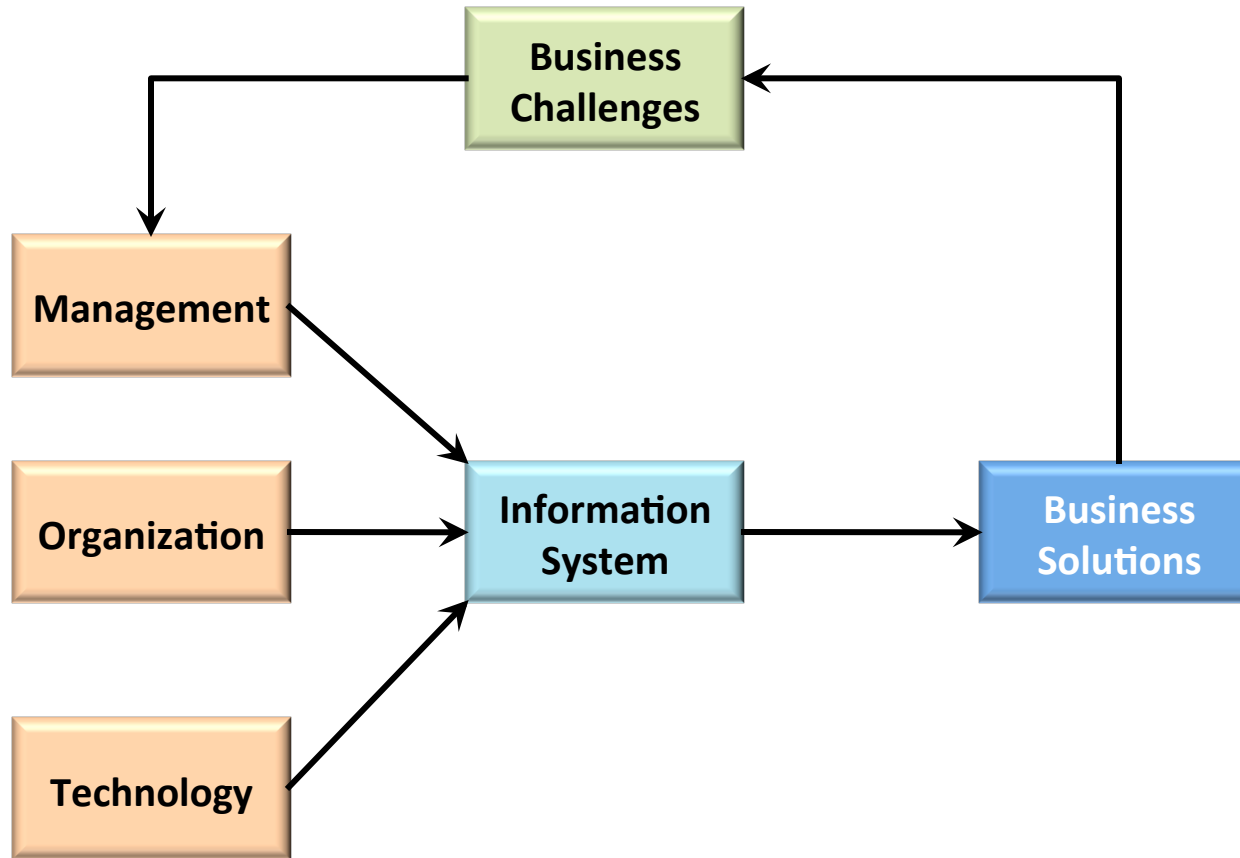
Chap. 9
Achieving
Operational Excellence
and
Customer Intimacy –
Enterprise Application:
Border States Industries Inc.
(BSE)

Case Study: BSE (Chap. 9) (pp.392-394)

Border States Industries (BSE) Fuels Rapid Growth with ERP

1. What problems was Border States Industries encountering as it expanded? What management, organization, and technology factors were responsible for these problems?
2. How easy was it to develop a solution using SAP ERP software? Explain your answer.
3. List and describe the benefits from the SAP software.
4. How much did the new system solution transform the business? Explain your answer.
5. How successful was this solution for BSE? Identify and describe the metrics used to measure the success of the solution.
6. If you had been in charge of SAP's ERP implementations, what would you have done differently?

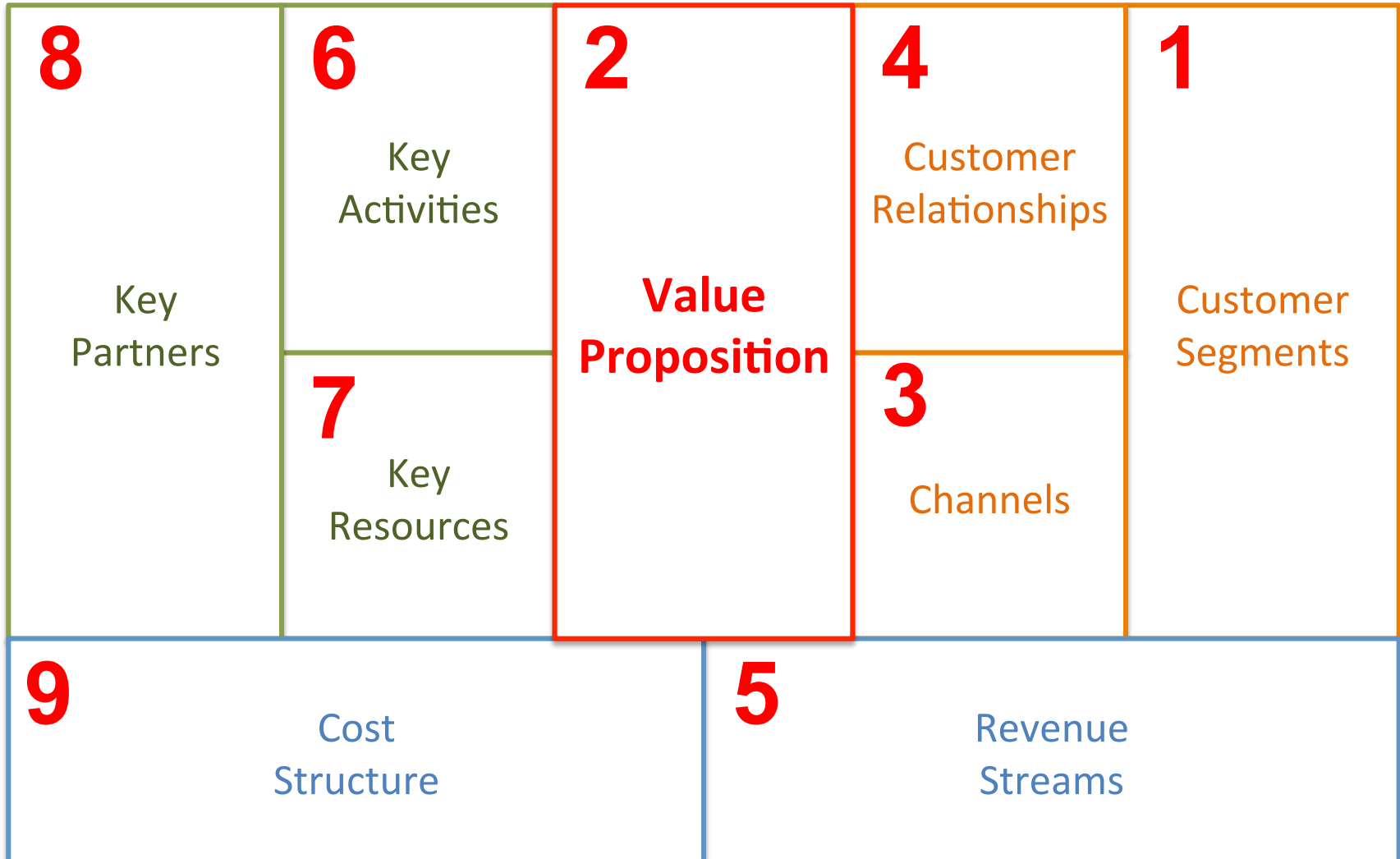
Overview of Fundamental MIS Concepts



Understanding **Business Model**

- **Business Model**
- Revenue Model
- Business Strategy
- Business Strategy and Information System Alignment

Business Model



Business

- “the activity of providing goods and services involving financial, commercial and industrial aspects.” (WordNet 2.0)

Model

- “a simplified description and representation of a complex entity or process.” (WordNet 2.0)

Business Model

- A business model is a **conceptual tool** containing a set of **objects, concepts and their relationships** with the objective to express the **business logic** of a specific firm.
- Therefore we must consider which **concepts and relationships** allow a simplified description and representation of **what value is provided to customers, how this is done** and with which **financial consequences**.

E-commerce

Business Models

1. Portal
2. E-tailer
3. Content Provider
4. Transaction Broker
5. Market Creator
6. Service Provider
7. Community Provider

E-commerce

Revenue Models

1. Advertising
2. Sales
3. Subscription
4. Free/Freemium
5. Transaction Fee
6. Affiliate

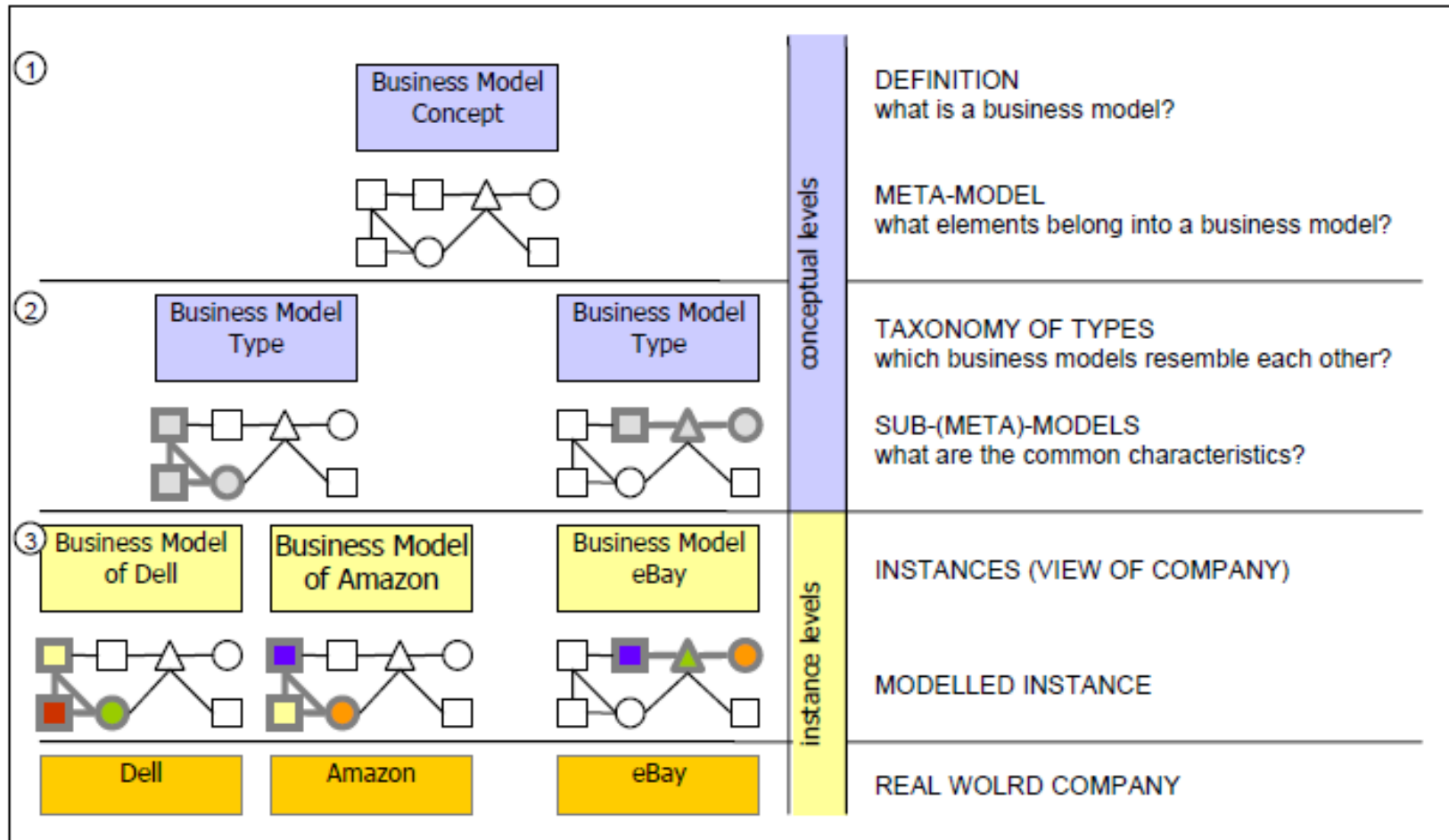
Types of E-commerce

1. Business-to-consumer (B2C)
2. Business-to-business (B2B)
3. Consumer-to-consumer (C2C)
4. Mobile commerce (m-commerce)

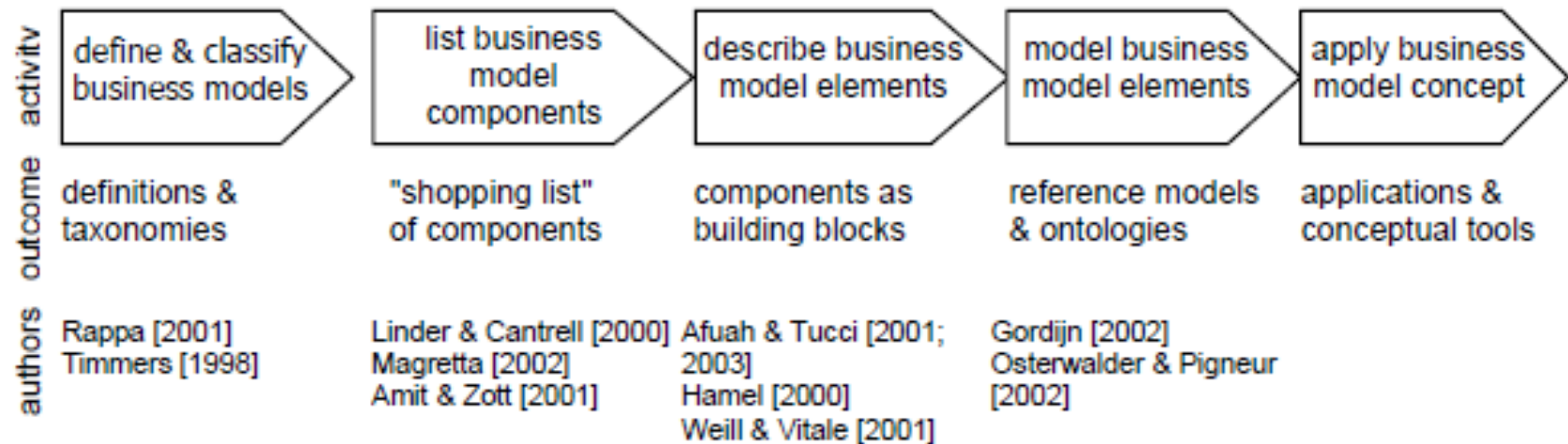
Occurrences of the Term "Business Model" in Scholarly Reviewed Journals

Year	In Title	In Abstract	In Keywords	in Full Text
2003	30	159	10	667
2002	22	109	2	617
2001	11	100	7	609
2000	16	67	1	491
1999	3	42	1	262
1998	1	19	0	128
1997	1	14	0	66
1996	0	14	0	57
1995	0	4	0	36
1994	0	2	0	18
1993	0	5	0	18
1992	0	2	0	15
1991	0	1	0	10
1990	0	4	0	7

Business Model Concept Hierarchy



EVOLUTION OF THE BUSINESS MODEL CONCEPT



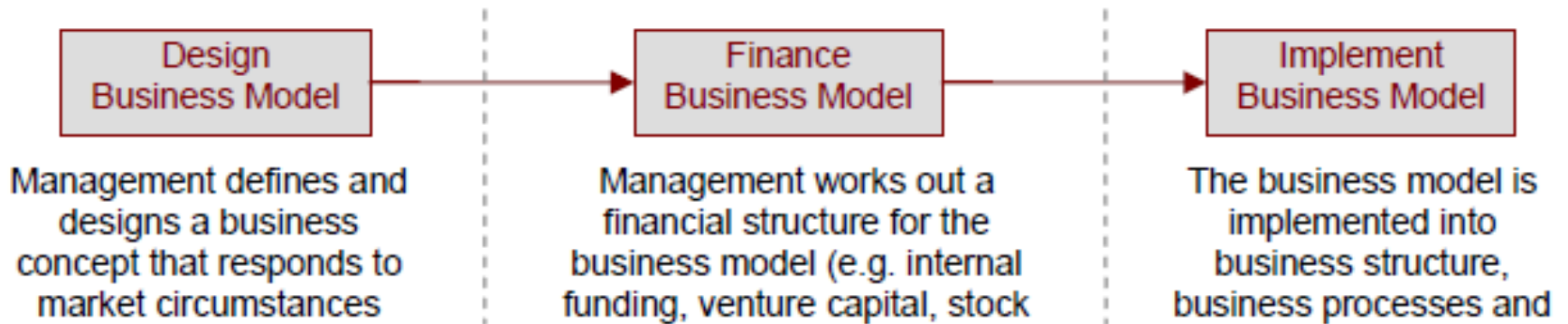
Business Model vs. Business Process Model

- Business Model
 - a view of the firm's logic for creating and commercializing value
- Business process model
 - how a business case is implemented in processes

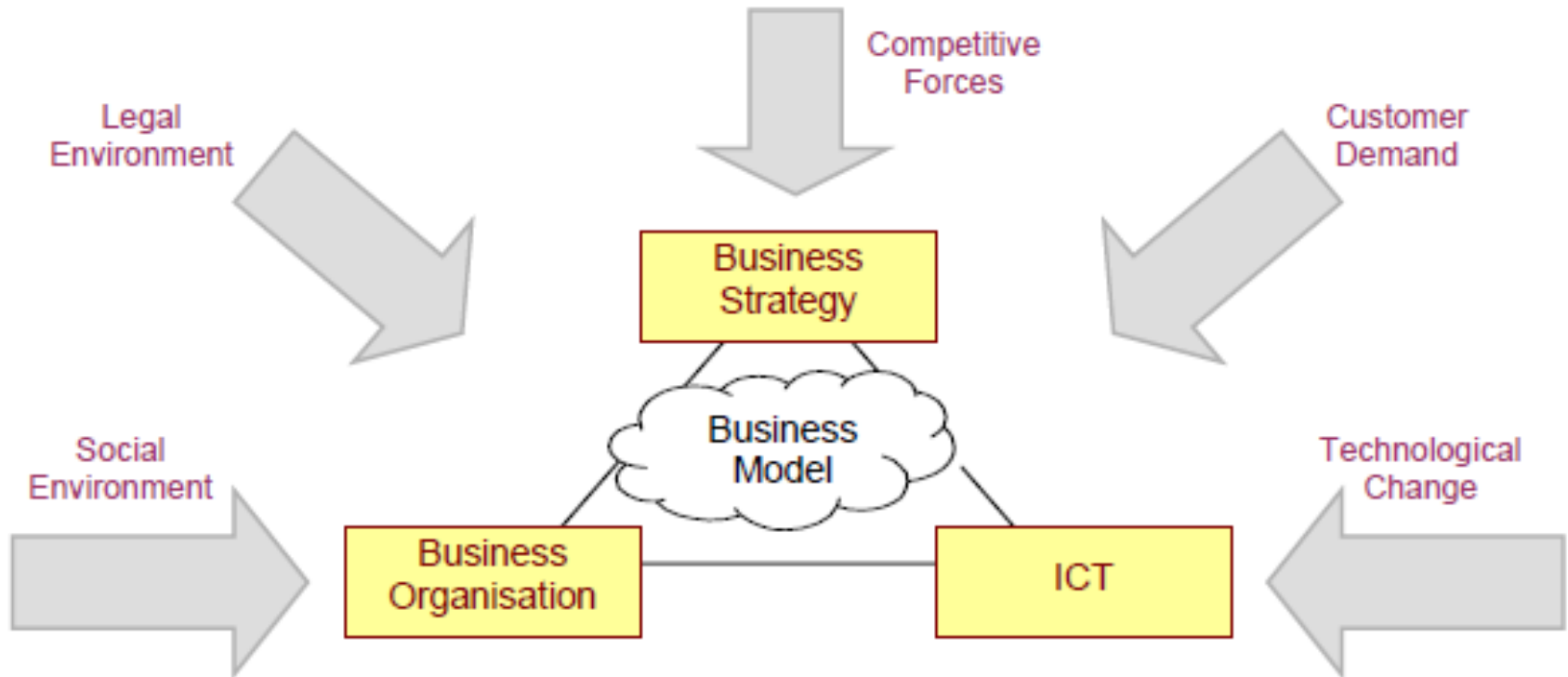
Business Model vs. Strategy

- Business Models
 - a system that shows how the pieces of a business fit together.
 - an abstraction of a firm's strategy
- Strategy
 - includes competition

Implementing Business Models



The Business Model's Place in the Firm



Nine Business Model Building Blocks

Pillar	Business Model Building Block	Description
Product	Value Proposition	Gives an overall view of a company's bundle of products and services.
Customer Interface	Target Customer	Describes the segments of customers a company wants to offer value to.
	Distribution Channel	Describes the various means of the company to get in touch with its customers.
	Relationship	Explains the kind of links a company establishes between itself and its different customer segments.
Infrastructure Management	Value Configuration	Describes the arrangement of activities and resources.
	Core Competency	Outlines the competencies necessary to execute the company's business model.
	Partner Network	Portrays the network of cooperative agreements with other companies necessary to efficiently offer and commercialize value.
Financial Aspects	Cost Structure	Sums up the monetary consequences of the means employed in the business model.
	Revenue Model	Describes the way a company makes money through a variety of revenue flows.

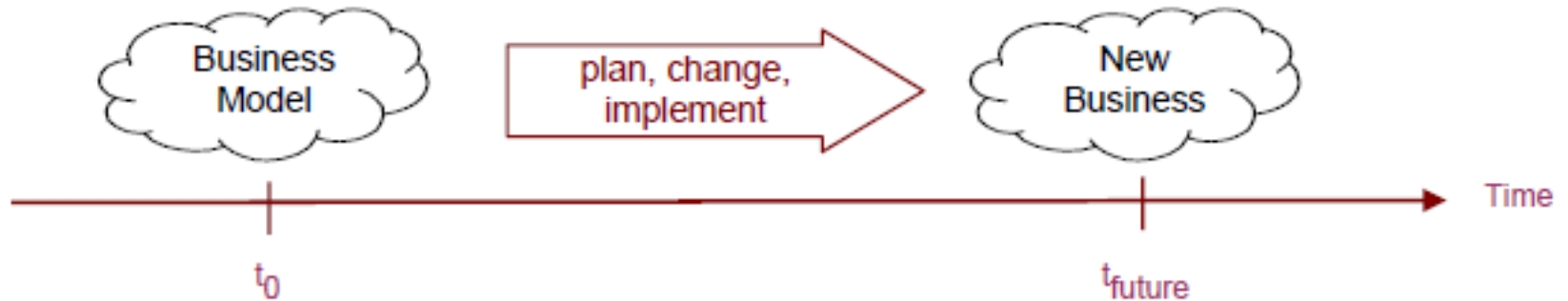
Domains Addressed in Business Models

Business model ontology	Stähler 2001	Weill and Vitale 2001	Petrovic, Kittl et al.	Gordijn 2002	Afuah and Tucci 2003	Tapscott, Ticoll et al. 2000	Linder and Cantrell 2000
Value Proposition	value proposition	Value Proposition, strategic objective	Value Model	Value offering	Customer Value		value proposition
Target Customer		Customer Segments		Market Segment	Scope		
Distribution Channel		Channels	Customer relations model				channel model
Customer Relationship			Customer relations model				commerce relationship
Value Configuration	Architecture		Production Mode	e3-value configuration	connected activities, value configuration	b-webs	commerce process model
Capability		Core competencies, CSF	Resource Model		capabilities		
Partnership	Architecture	e-business schematics		Actors	sustainability (team-up strategy)	b-webs	
Cost Structure				Value exchange	cost structure		
Revenue Model	Revenue Model	Source of revenue	Revenue Model	value exchange	pricing, revenue source		pricing model, revenue model

Domains Addressed in Business Models (cont.)

Business model ontology	Hamel 2000	Mahadevan 2000	Chesbrough and Rosenbloom 2000	Magretta 2002	Amit and Zott 2001	Applegate and Collura 2001	Maitland and Van de Kar 2002
Value Proposition	Product/market scope	Value stream	Value proposition	What does the customer value?	Transaction component	Product and Services offered	Value proposition, assumed value
Target Customer	Market scope		Market segment	Who is the customer?		Market opportunity	Market segment
Distribution Channel	Fulfillment & support, info & insight			How can we deliver value at an appropriate cost?		Marketing/sales model	
Customer Relationship	Relationship dynamics					Brand and reputation	
Value Configuration	Core processes	Logistical stream	Structure of the value chain		Architectural configuration	Operating model	
Capability	core competencies, strategic assets					Organization and culture, management model)	
Partnership	suppliers, partners, coalitions		Position in the value chain		Transaction component	Partners	Companies involved in creating value
Cost Structure			Cost structure	What is the underlying economic vale?			
Revenue Model	pricing structure	Revenue stream		How do we make money in this business		Benefits to firm and stakeholders	Revenue Model

Planning, Changing and Implementing Business Models

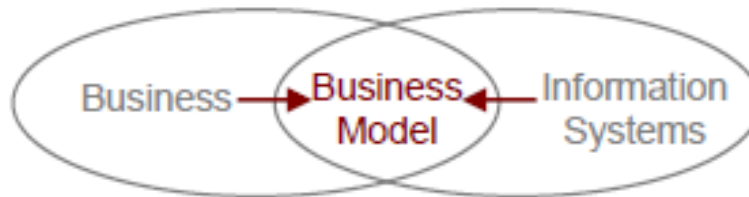


The management analyzes the current business model's adequacy to environmental pressures and designs a new business model

The new business model becomes a goal to achieve and guides planning, change and implementation

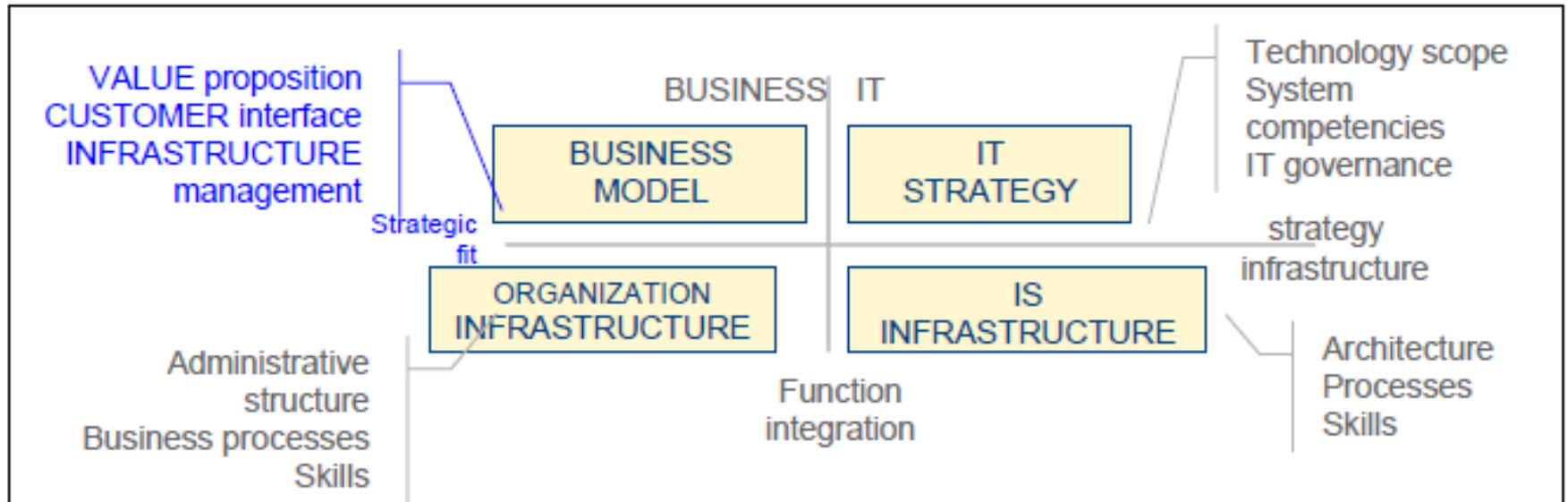
Business Strategy and Information Systems Alignment

Managers are aware of the use of Information Systems to realize goals, exploit opportunities and obtain competitive advantage



Information Systems support the company's business model and are targeted on areas that are critical to successful business performance

Business and IT/IS Alignment



Adapted from [Henderson and Venkatraman 1999]

Infrastructure Alignment

9 INFRASTRUCTURE SERVICES	Application Infrastructure	Communications Management	Data Management	IT Management	Security	Architecture and Standards	Channel Management	IT Research and Development	Training and Education in IT
9 BUSINESS MODEL BUILDING BLOCKS									
Value Proposition									
Target Customer									
Distribution Channel									
Relationship									
Value Configuration									
Capability									
Partnersh									
Cost Model									
Revenue Model									

Adapted from Weill and Vitale [2002]

Application Portfolio Management

	Strategic	Key Operational	Support	High Potential
Value Proposition				
Target Customer				
Distribution Channel				
Relationship				
Value Configuration				
Capability				
Partnersh				
Cost Model				
Revenue Model				

Adapted from Ward [1988]

Business Models and Goals for Requirements Engineering

9 BUSINESS MODEL BLOCKS	Goal 1	Goal 2	Goal 3	Goal 4
Value Proposition				
Target Customer				
Distribution Channel				
Relationship				
Value Configuration				
Capability				
Partnersh				
Cost Model				
Revenue Model				

Business Model and Balanced Scorecard

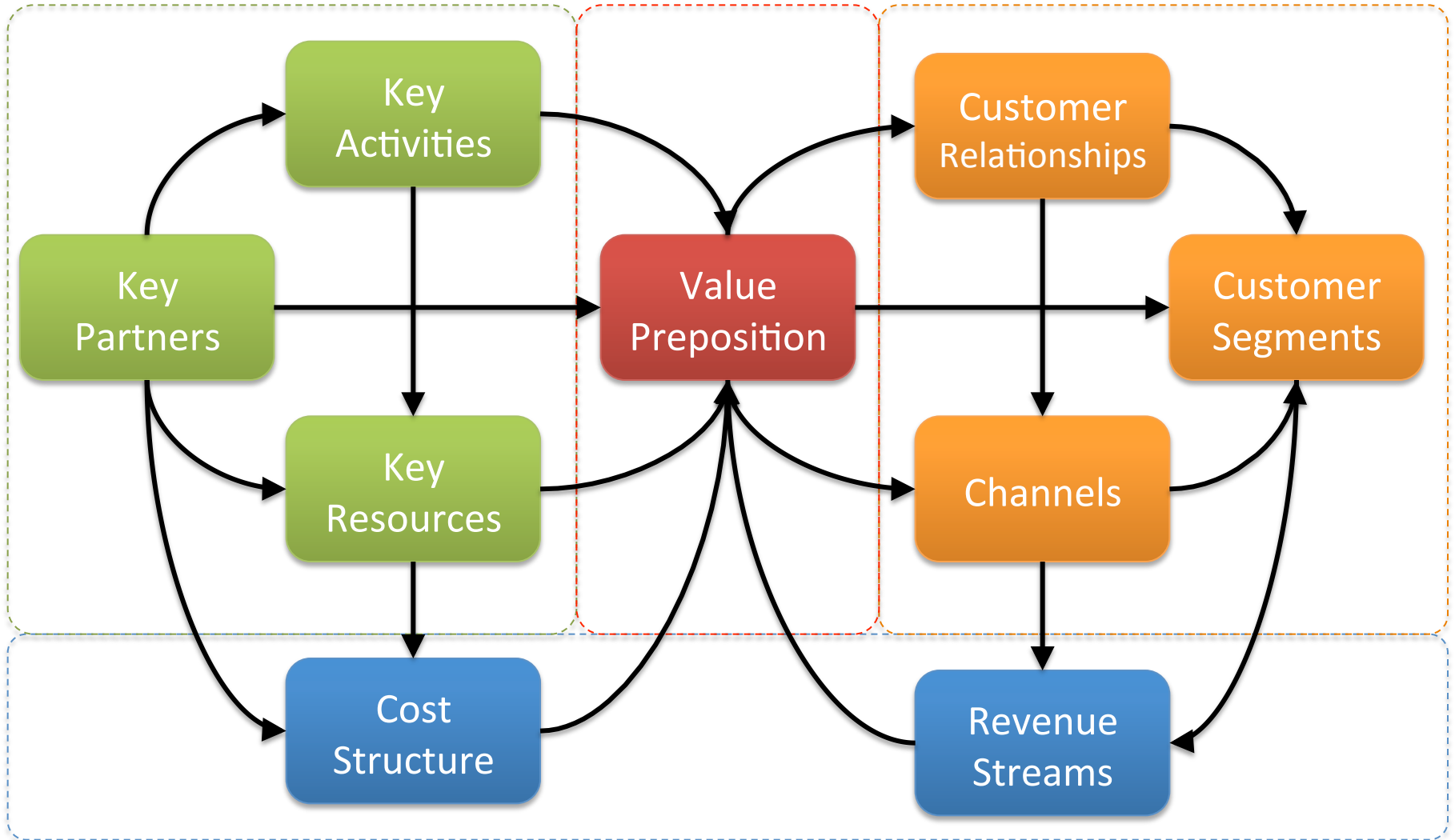
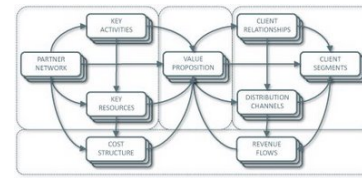
9 BUSINESS MODEL BLOCKS	Indicator	current score	target score	alarm level
Value Proposition				
Target Customer				
Distribution Channel				
Relationship				
Value Configuration				
Capability				
Partnersh				
Cost Model				
Revenue Model				

Adapted from Kaplan and Norton [1992]

Definition of Business Model

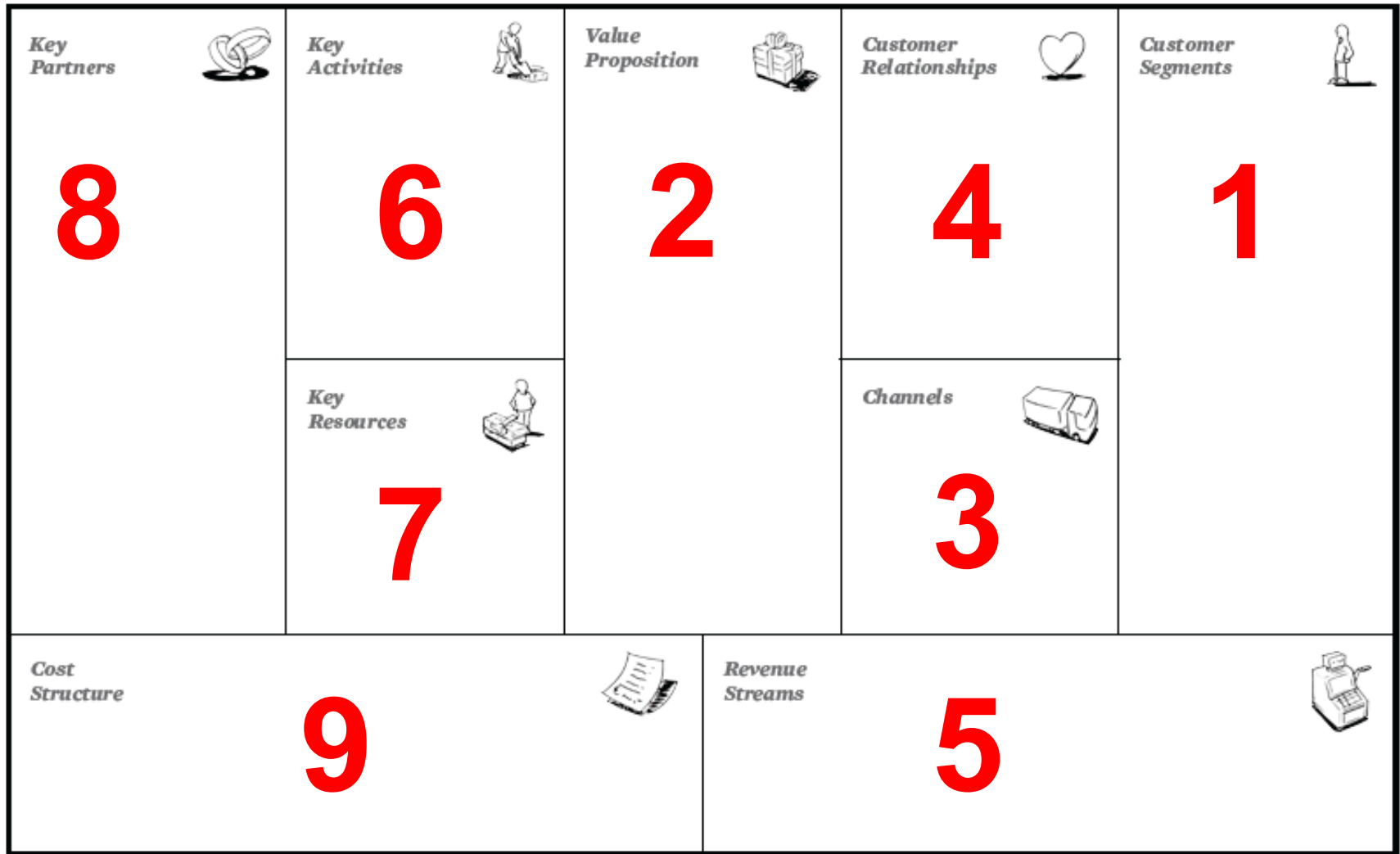
A business model
describes the rationale of
how an organization
creates, delivers, and captures
value.

Business Model Canvas

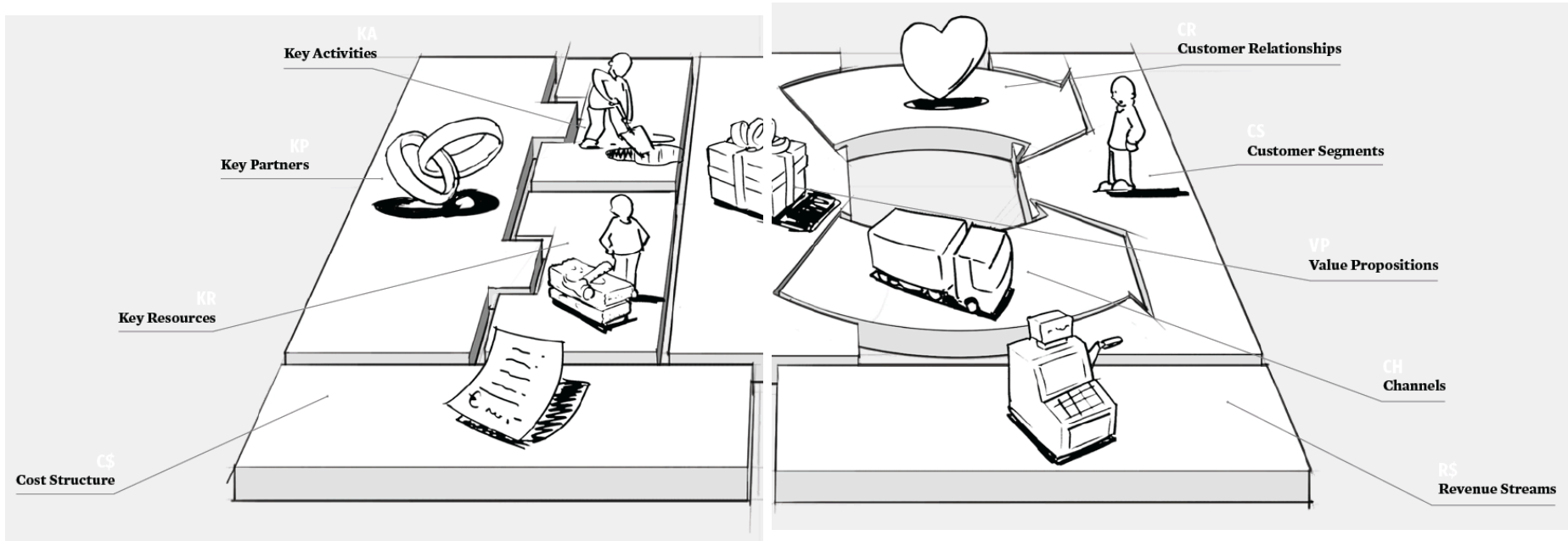


Source: http://nonlinearthinking.typepad.com/nonlinear_thinking/2008/07/the-business-model-canvas.html
<https://www.youtube.com/watch?v=QoAOzMTLP5s>

The 9 Building Blocks of Business Model

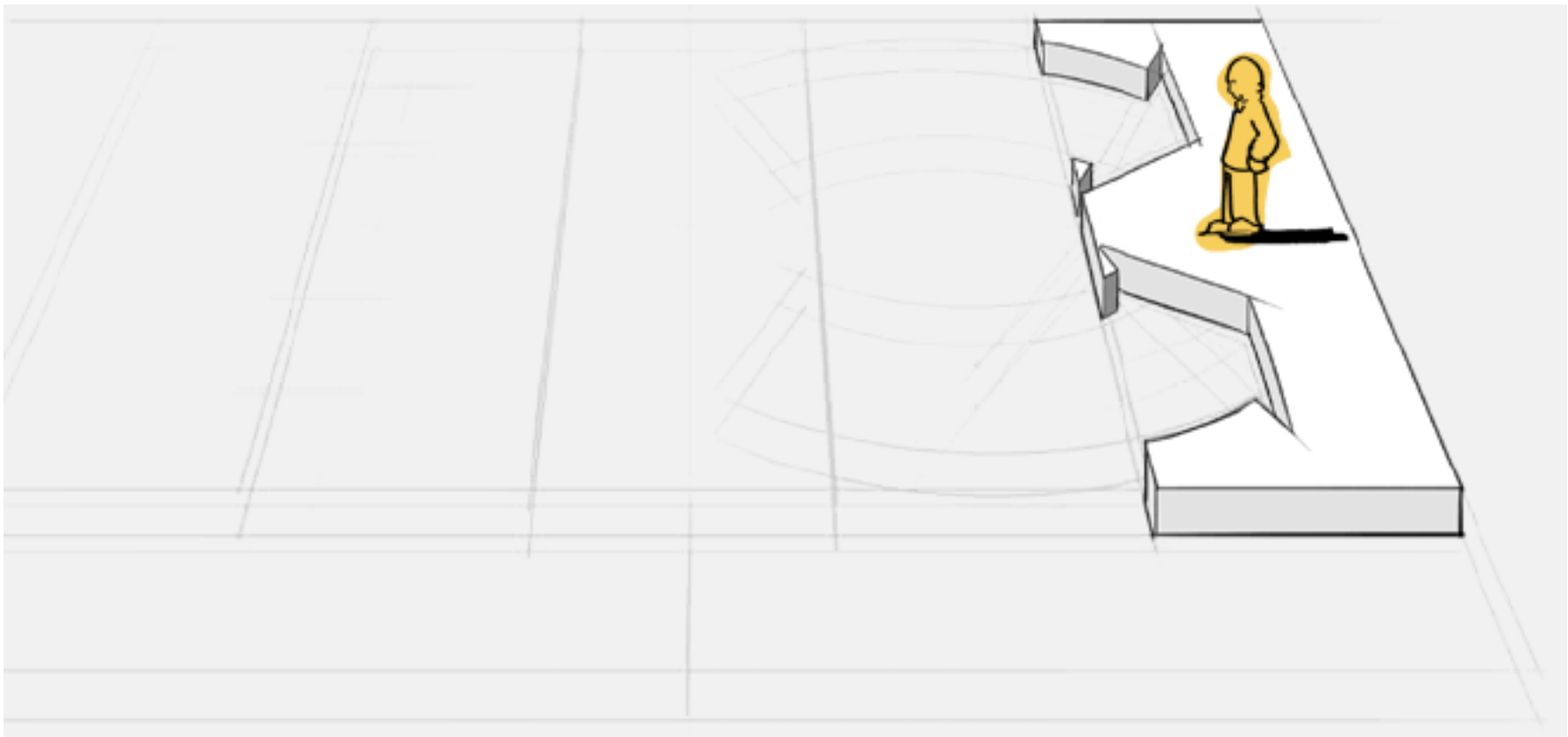


The 9 Building Blocks of Business Model



1. Customer Segments

Defines the different groups of people or organizations an enterprise aims to reach and serve



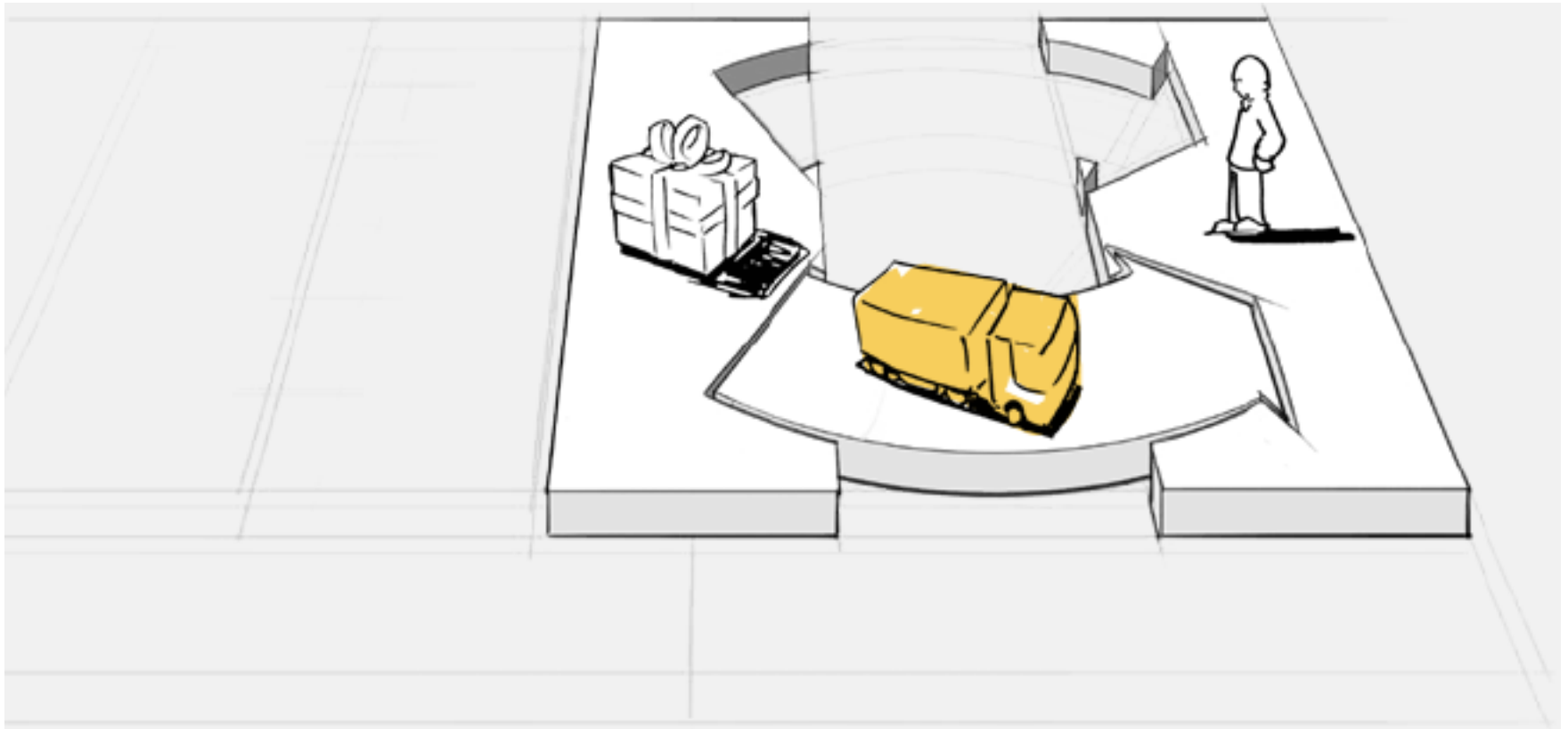
2. Value Propositions

Describes the bundle of products and services that create value for a specific Customer Segment



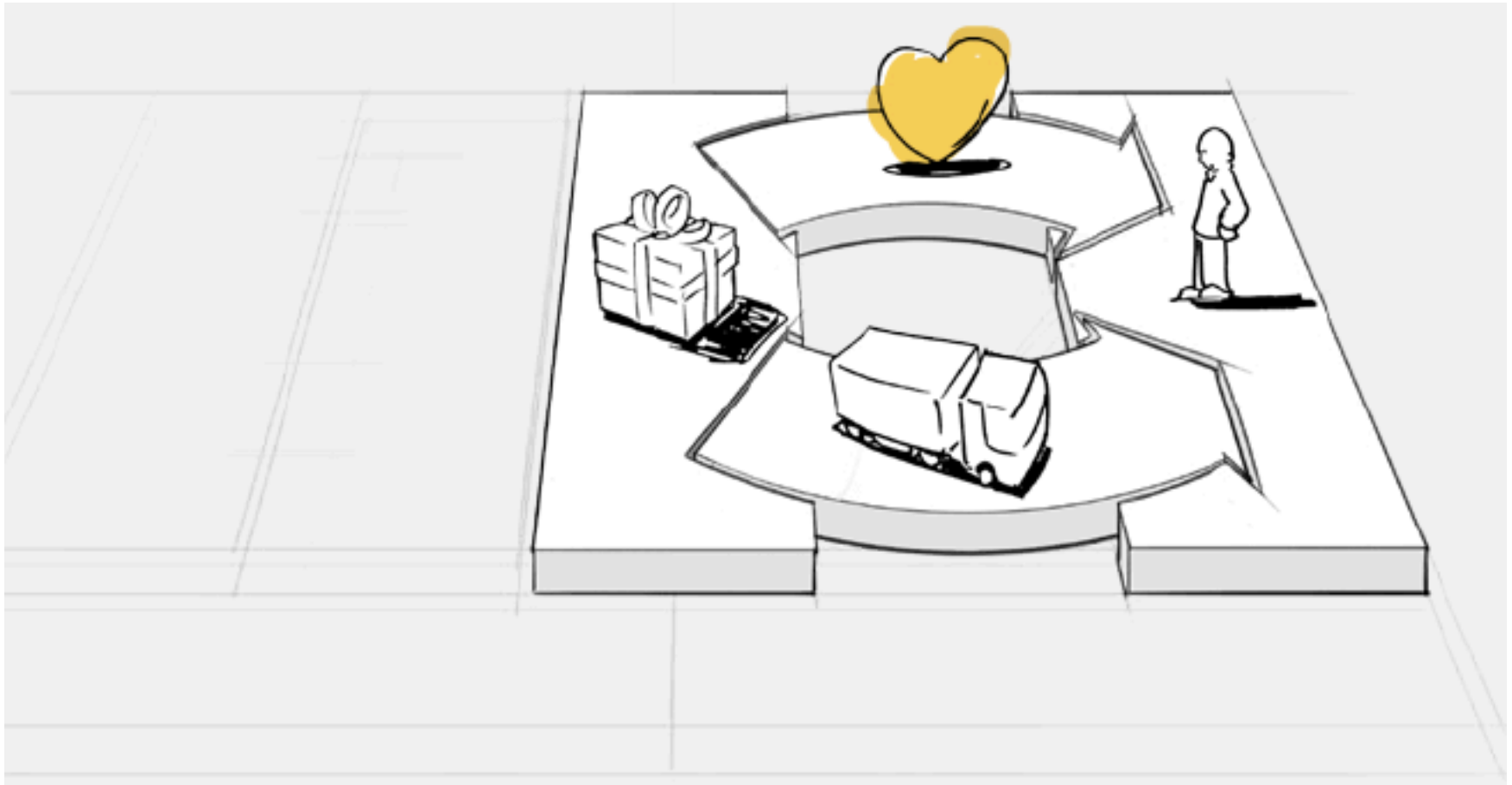
3. Channels

Describes how a company communicates with and reaches its Customer Segments to deliver a Value Proposition



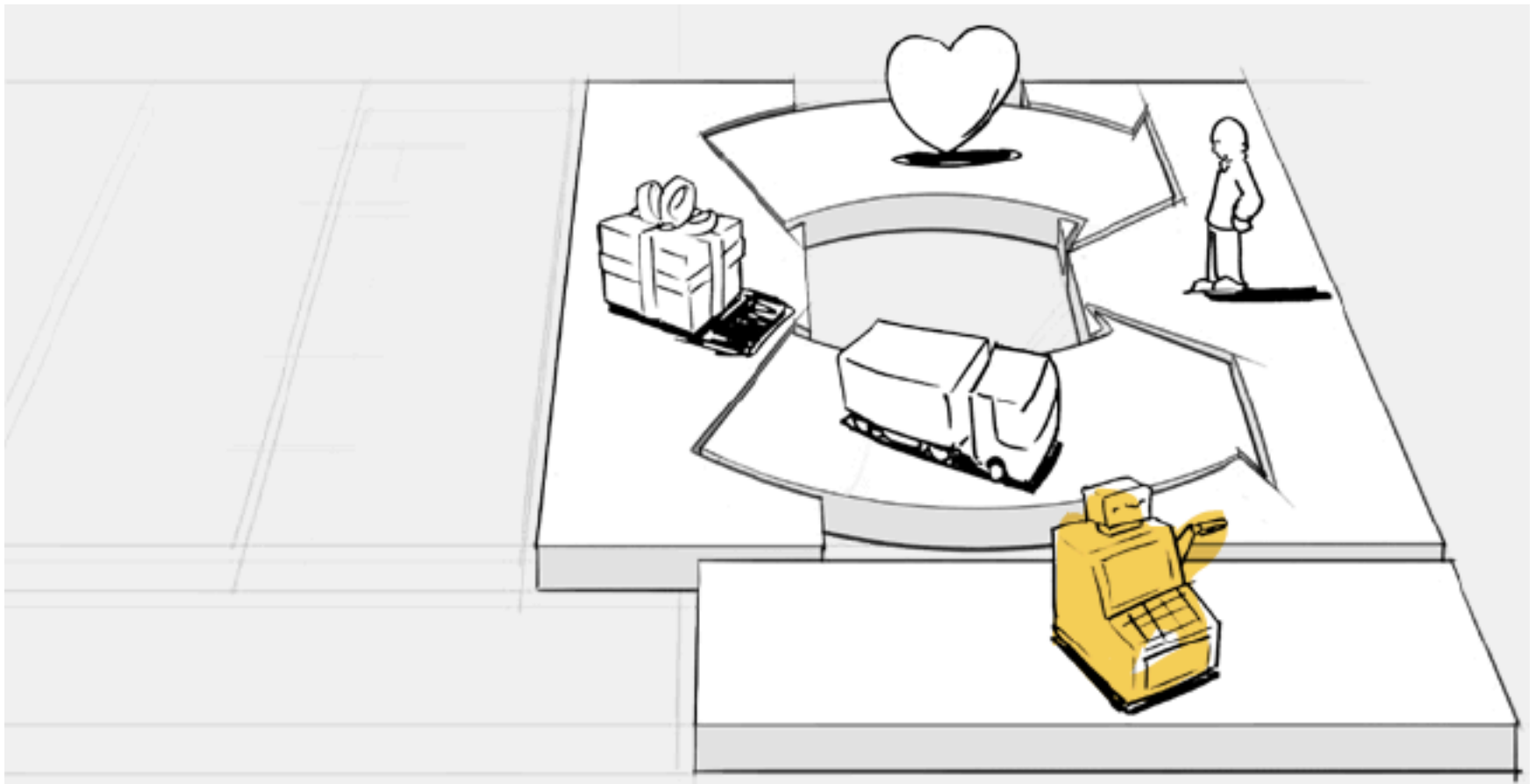
4. Customer Relationships

Describes the types of relationships a company establishes with specific Customer Segments



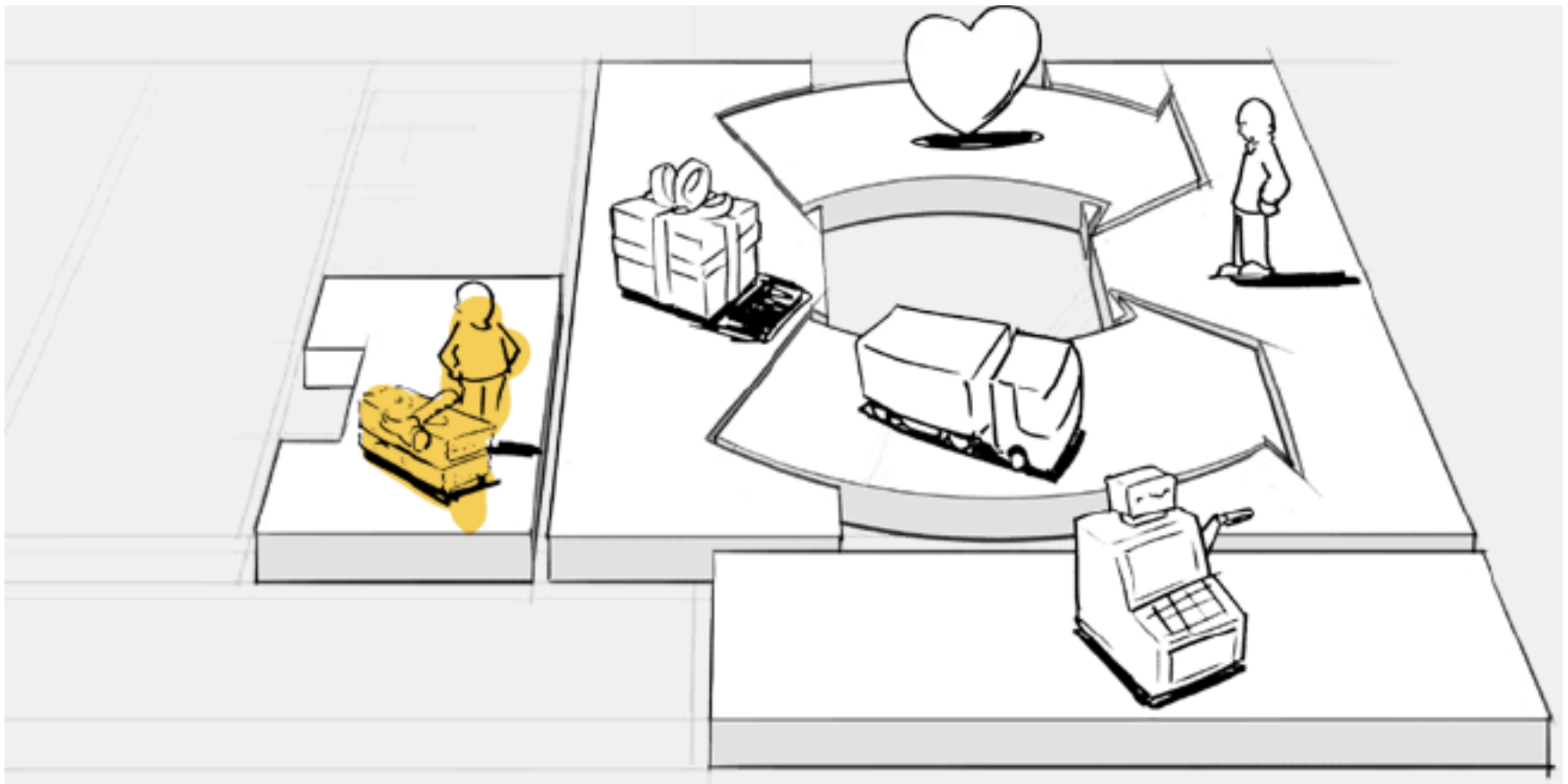
5. Revenue Streams

Represents the cash a company generates from each Customer Segment (costs must be subtracted from revenues to create earnings)



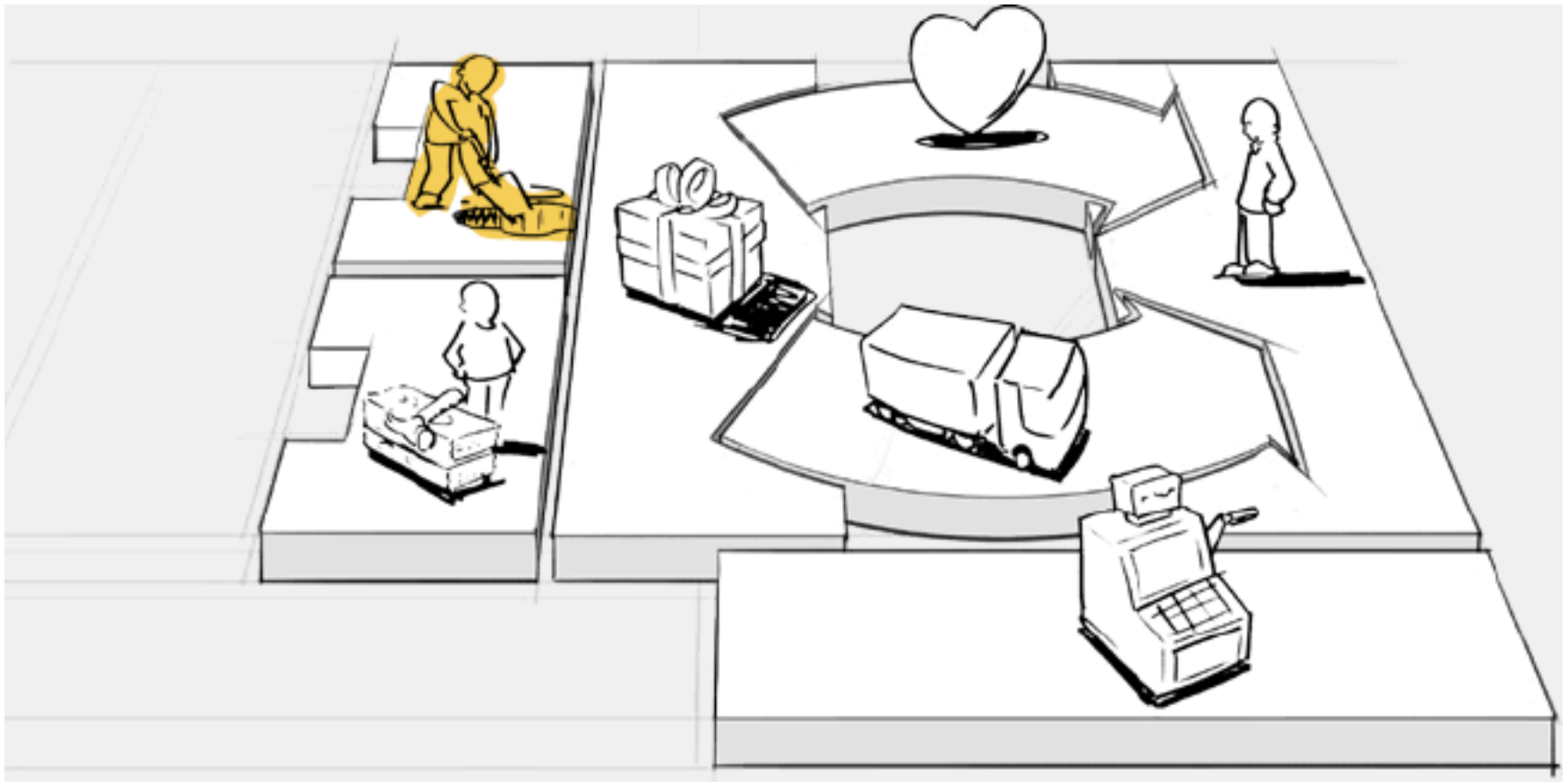
6. Key Resources

Describes the most important assets required to make a business model work



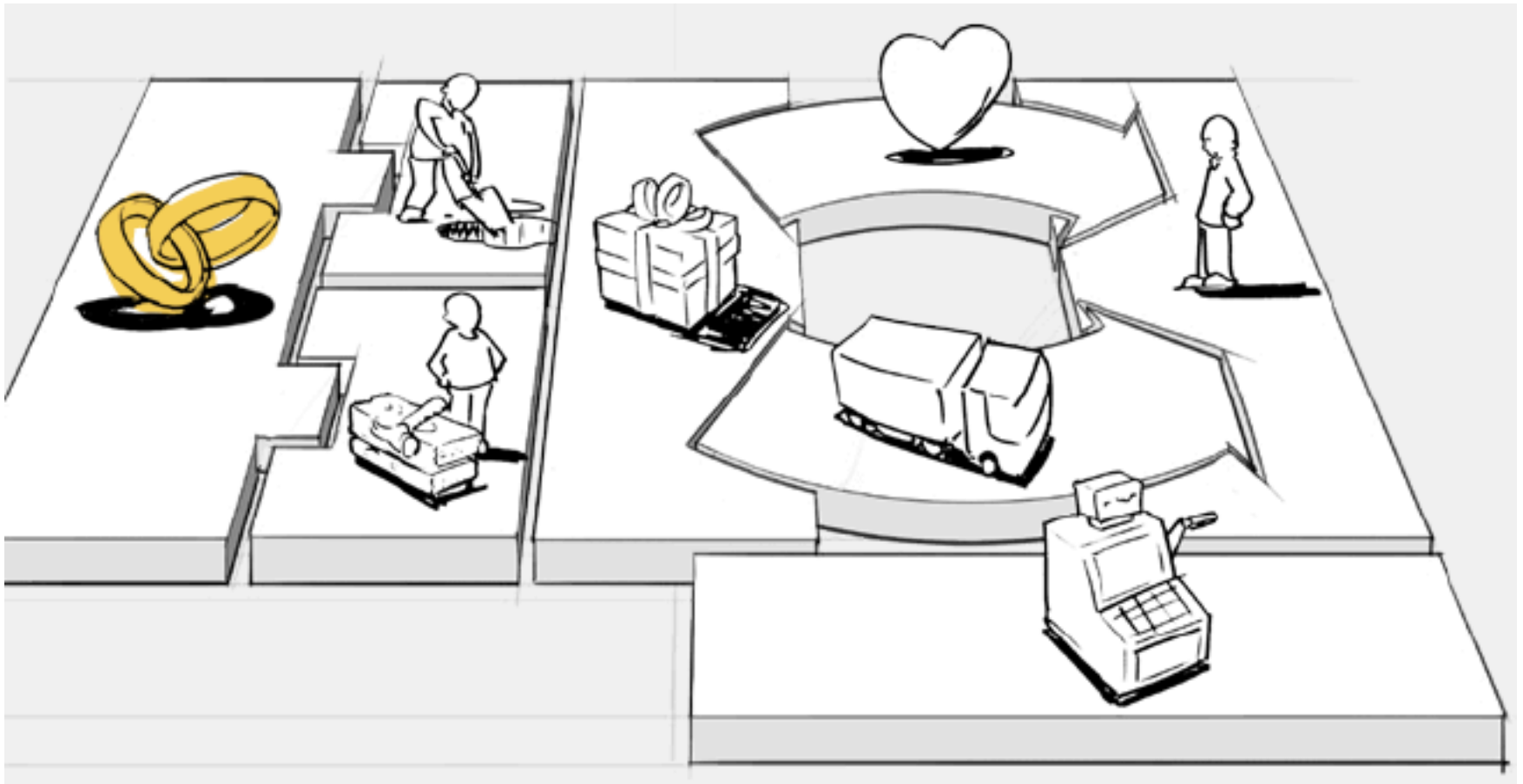
7. Key Activities

Describes the most important things a company must do to make its business model work



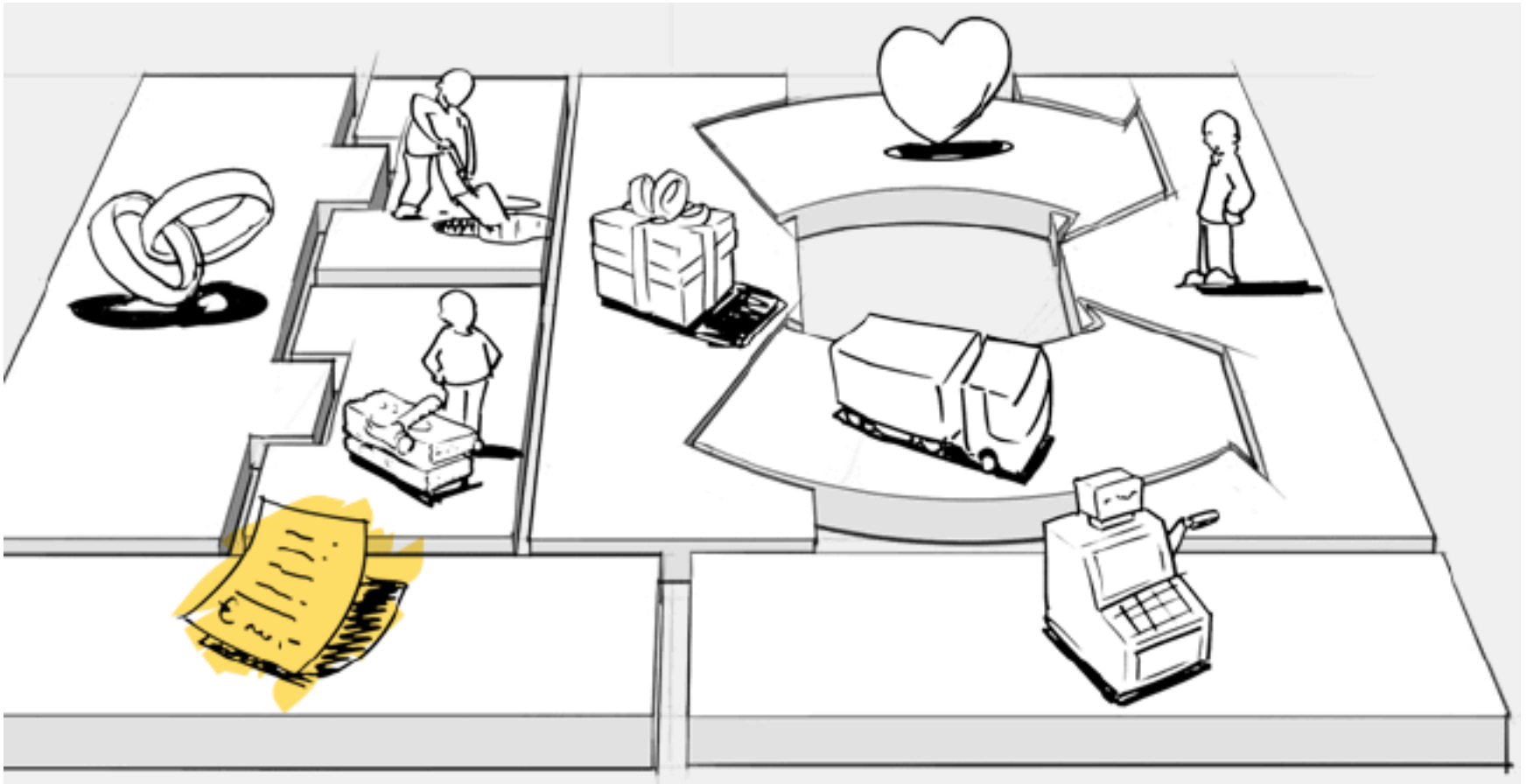
8. Key Partnerships

Describes the network of suppliers and partners that make the business model work



9. Cost Structure

Describes all costs incurred to operate a business model



The 9 Building Blocks of Business Model

1. Customer Segments

- An organization serves one or several Customer Segments.

2. Value Propositions

- It seeks to solve customer problems and satisfy customer needs with value propositions.

3. Channels

- Value propositions are delivered to customers through communication, distribution, and sales Channels.

4. Customer Relationships

- Customer relationships are established and maintained with each Customer Segment.

The 9 Building Blocks of Business Model

5. Revenue Streams

- Revenue streams result from value propositions successfully offered to customers.

6. Key Resources

- Key resources are the assets required to offer and deliver the previously described elements...

7. Key Activities

- ...by performing a number of Key Activities.

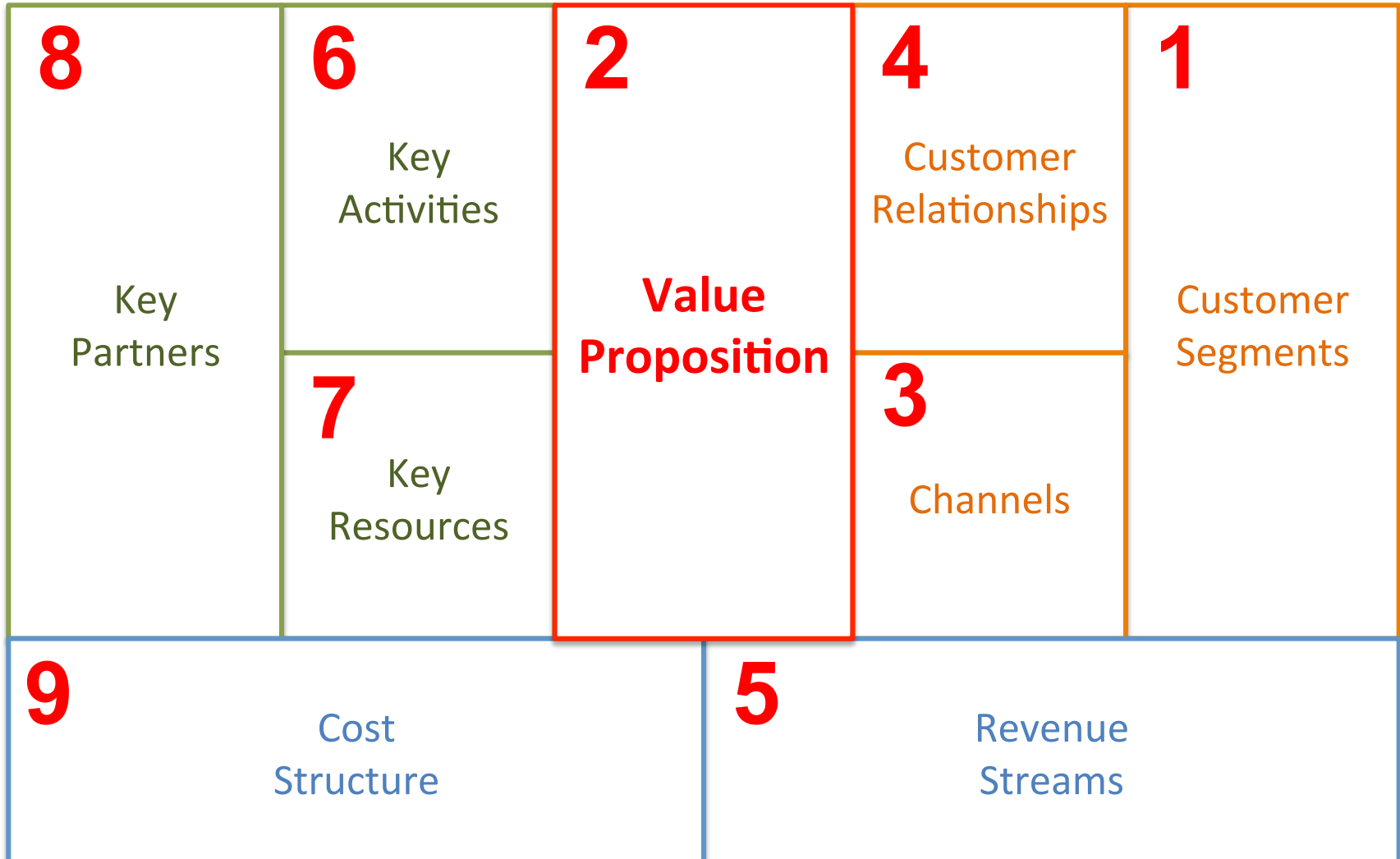
8. Key Partnerships

- Some activities are outsourced and some resources are acquired outside the enterprise.

9. Cost Structure

- The business model elements result in the cost structure.

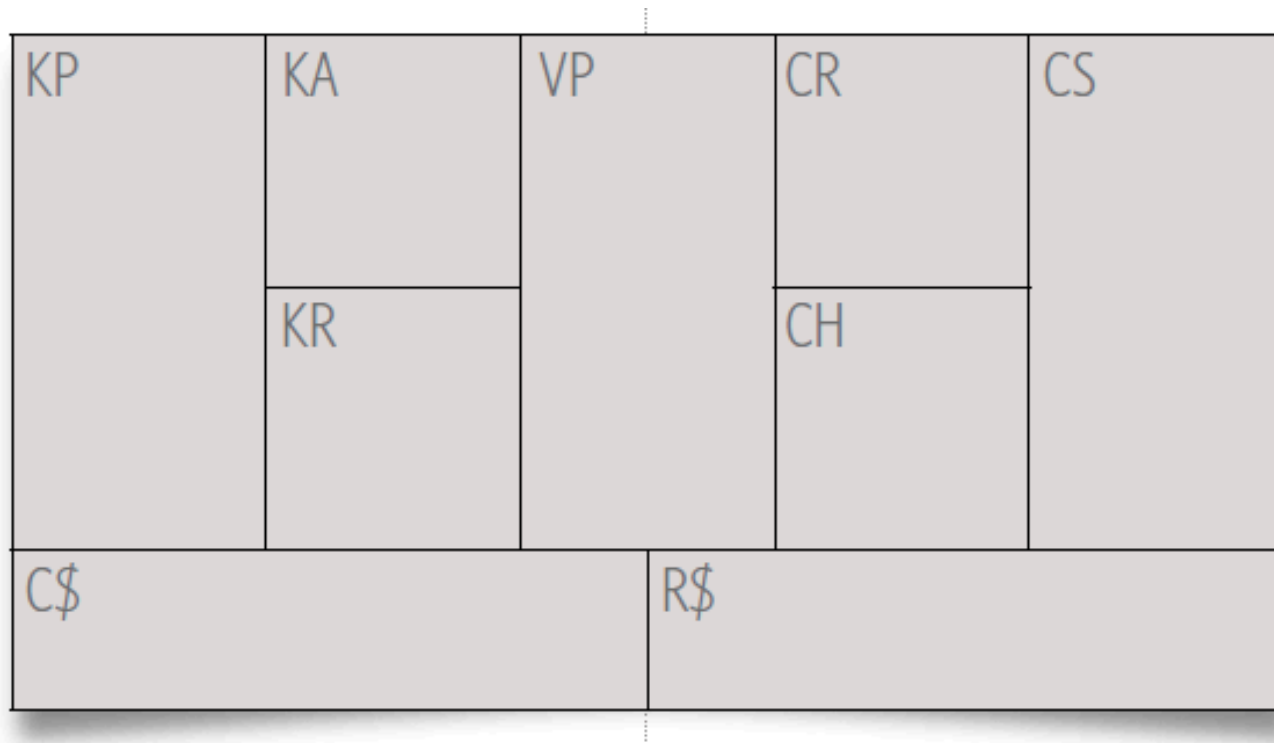
Business Model



Business Model Generation



Business Model Generation



LEFT CANVAS
efficiency

RIGHT CANVAS
value

Production and Logistics

Anything beyond content creation is outsourced to readily available service providers.

Differentiation

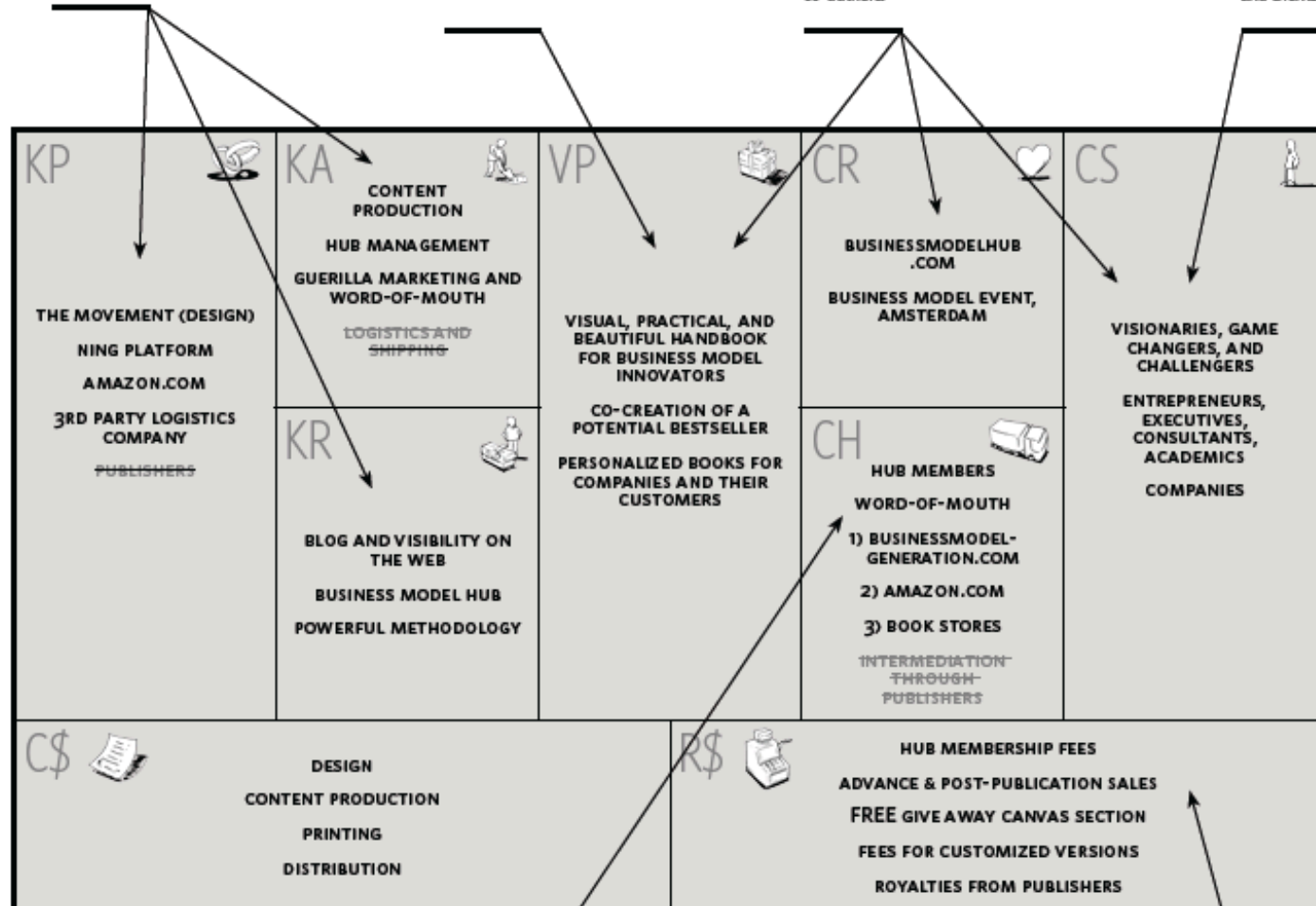
An entirely different format, business model, and story for the book makes it stand out in a crowded market.

Community

The book is co-created with practitioners from around the world who feel ownership thanks to attribution as contributing co-authors.

Buyers

Paying customers are not only readers, but co-creators and companies that want customized books for their employees and clients.



THE CANVAS OF BUSINESS MODEL GENERATION

Reach

A mix of direct and indirect Channels and a phased approach optimizes reach and margins. The story of the book lends itself well to viral marketing and word-of-mouth promotion.

Revenues

The book was financed through advanced sales and fees paid by co-creators. Additional revenues come from customized versions for companies and their clients.

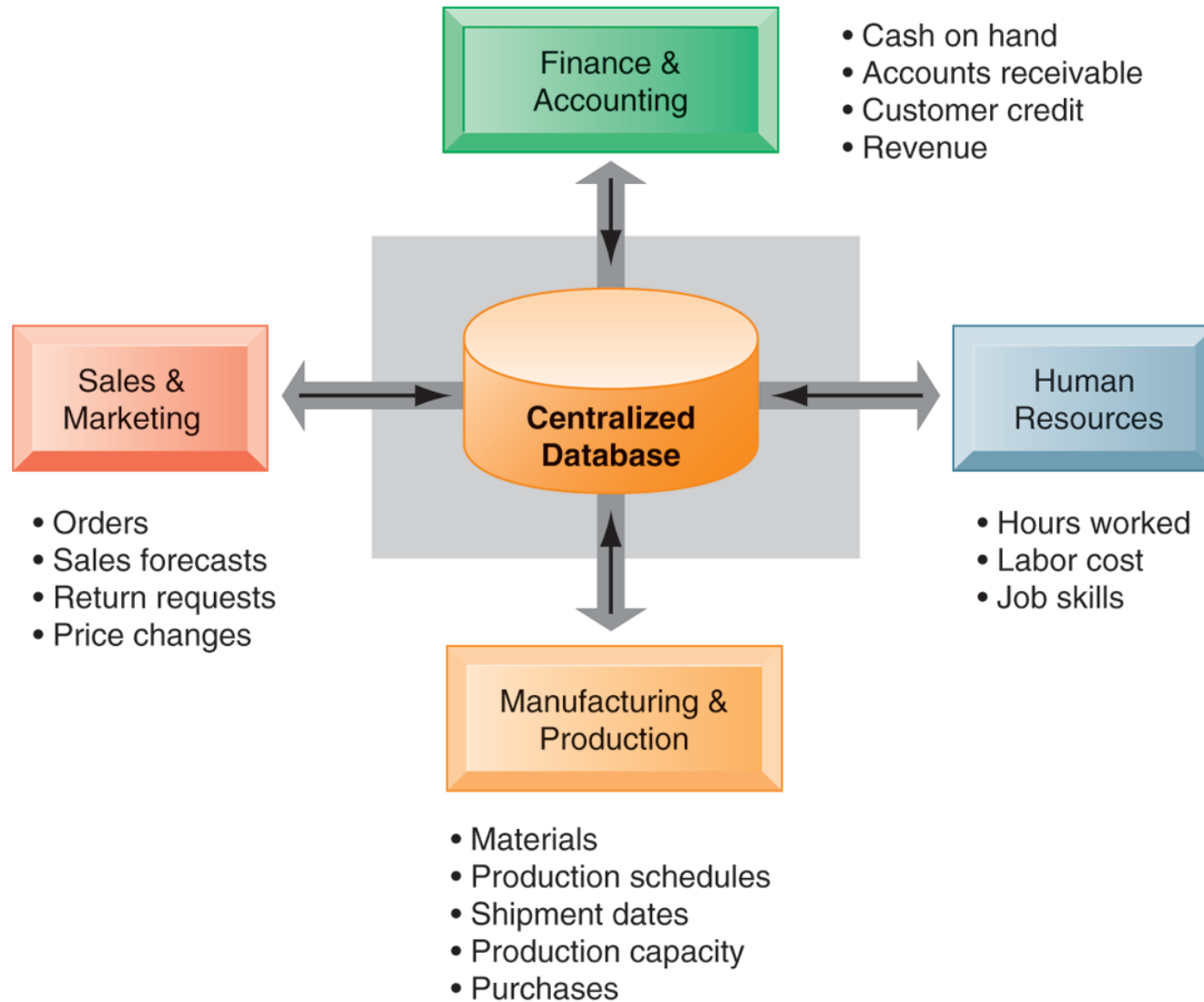
Enterprise Systems

- Also called “enterprise resource planning (ERP) systems”
- Suite of integrated software modules and a common central database
- Collects data from many divisions of firm for use in nearly all of firm’s internal business activities
- Information entered in one process is immediately available for other processes

Enterprise Software

- **Built around thousands of predefined **business processes** that reflect **best practices****
 - Finance/accounting: General ledger, accounts payable, etc.
 - Human resources: Personnel administration, payroll, etc.
 - Manufacturing/production: Purchasing, shipping, etc.
 - Sales/marketing: Order processing, billing, sales planning, etc.
- **To implement, firms:**
 - Select functions of system they wish to use
 - Map business processes to software processes
 - Use software's configuration tables for customizing

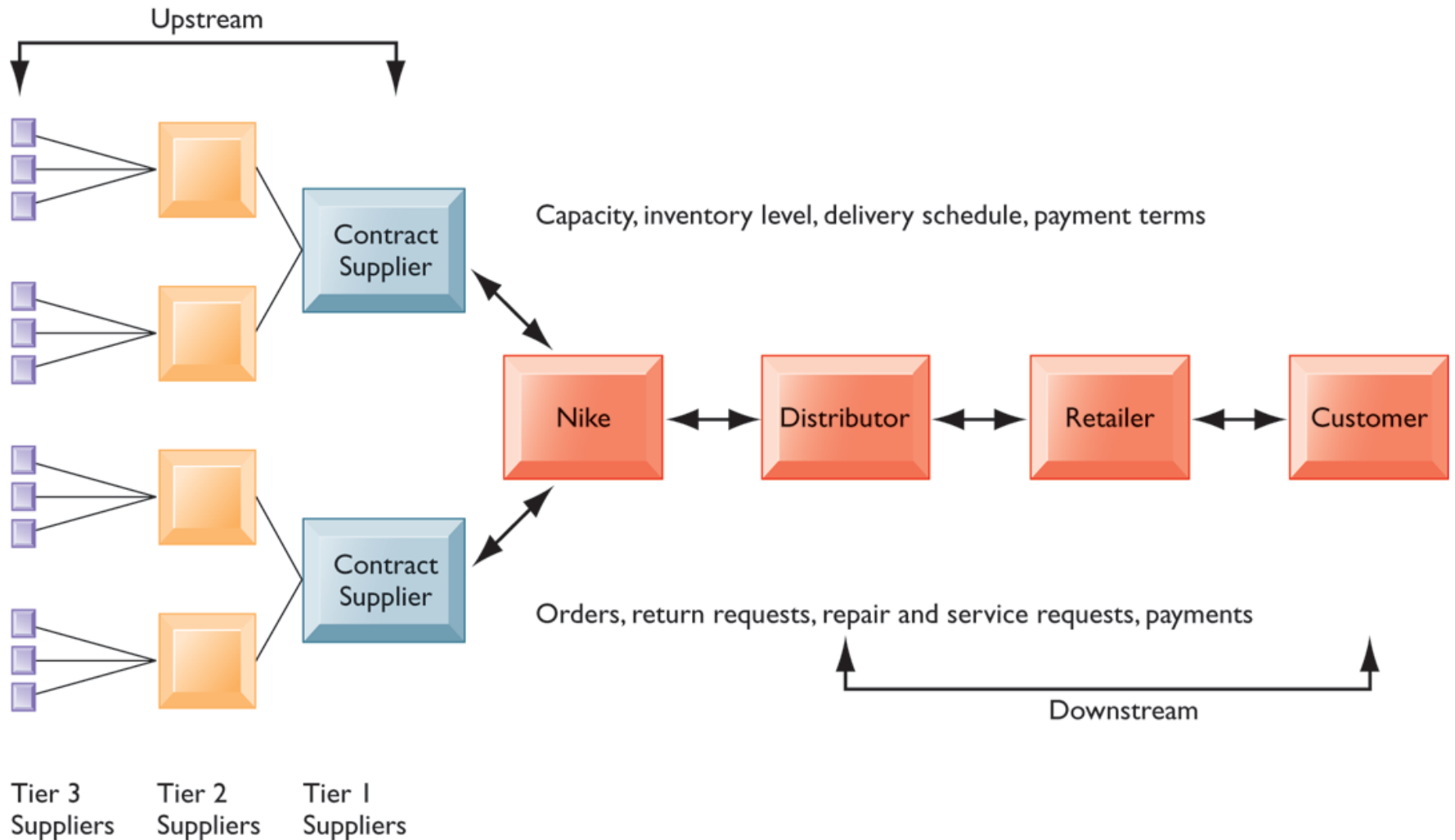
HOW ENTERPRISE SYSTEMS WORK



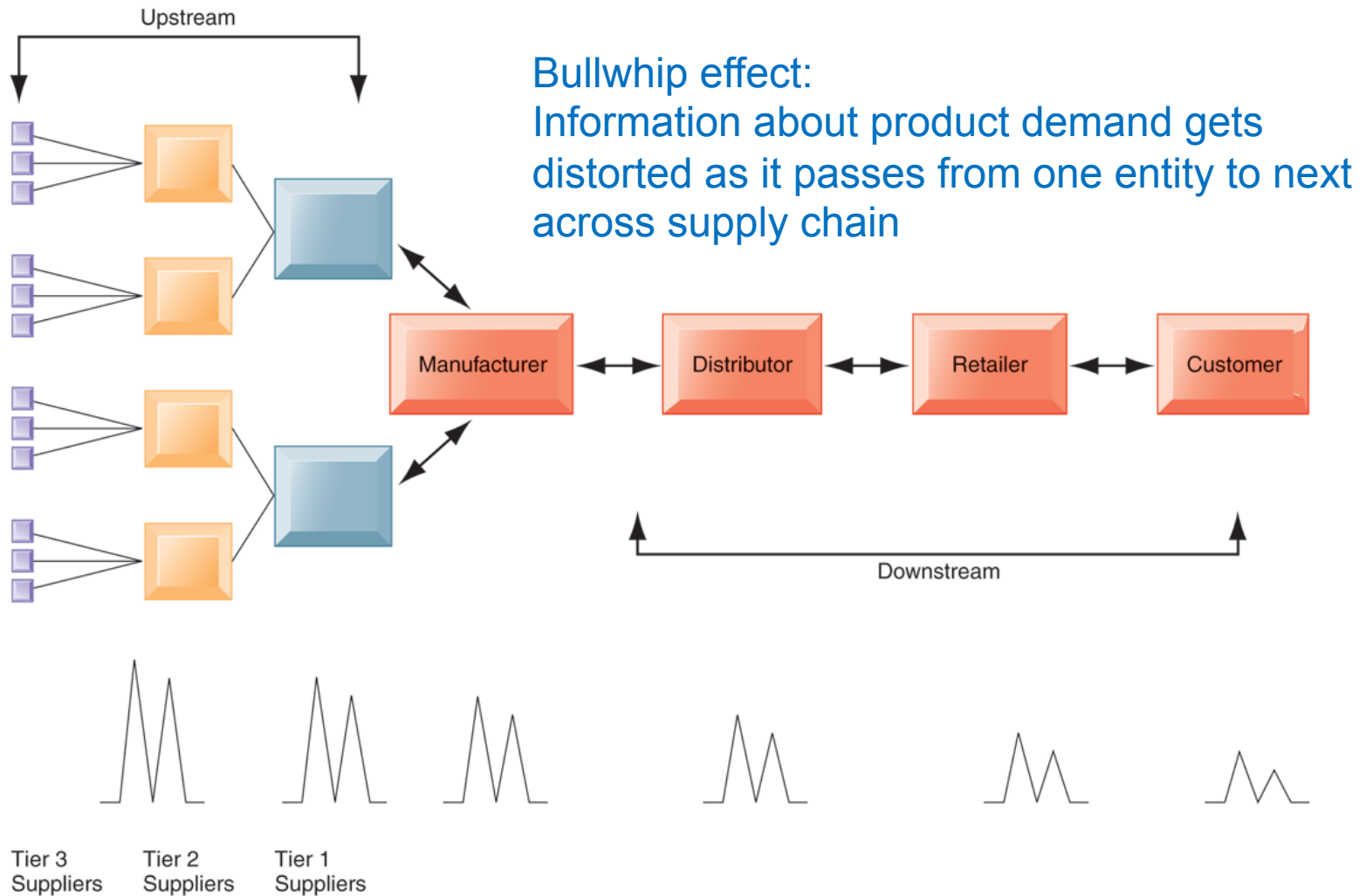
Business value of enterprise systems

- Increase operational efficiency
- Provide firm wide information to support decision making
- Enable rapid responses to customer requests for information or products
- Include analytical tools to evaluate overall organizational performance

Supply Chain Management Systems: NIKE'S SUPPLY CHAIN

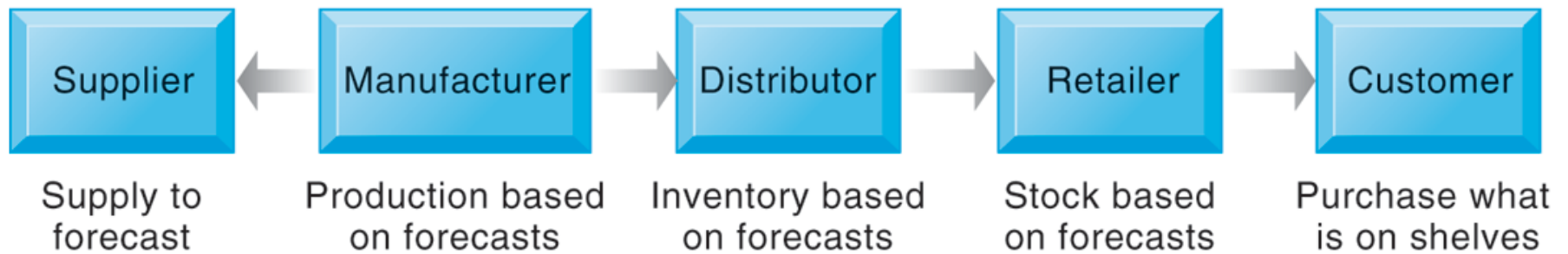


Supply Chain Management Systems: THE BULLWHIP EFFECT

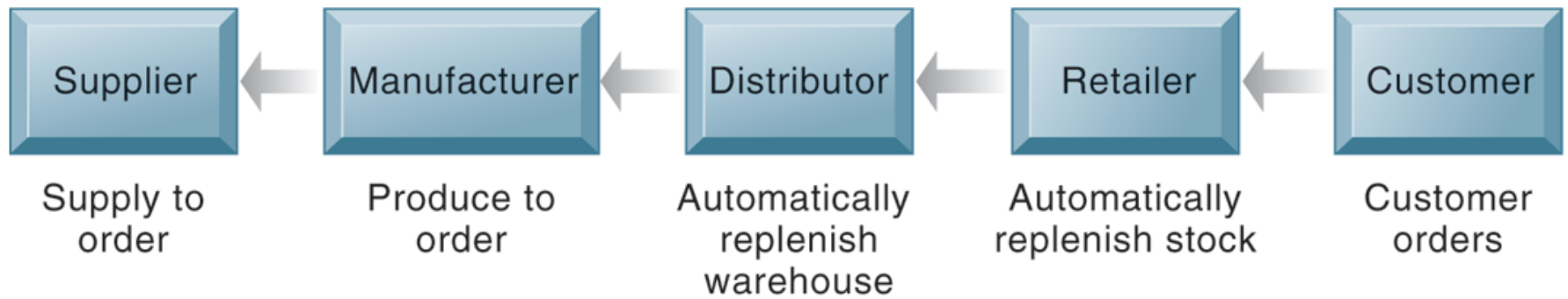


Supply Chain Management Systems: THE BULLWHIP EFFECT

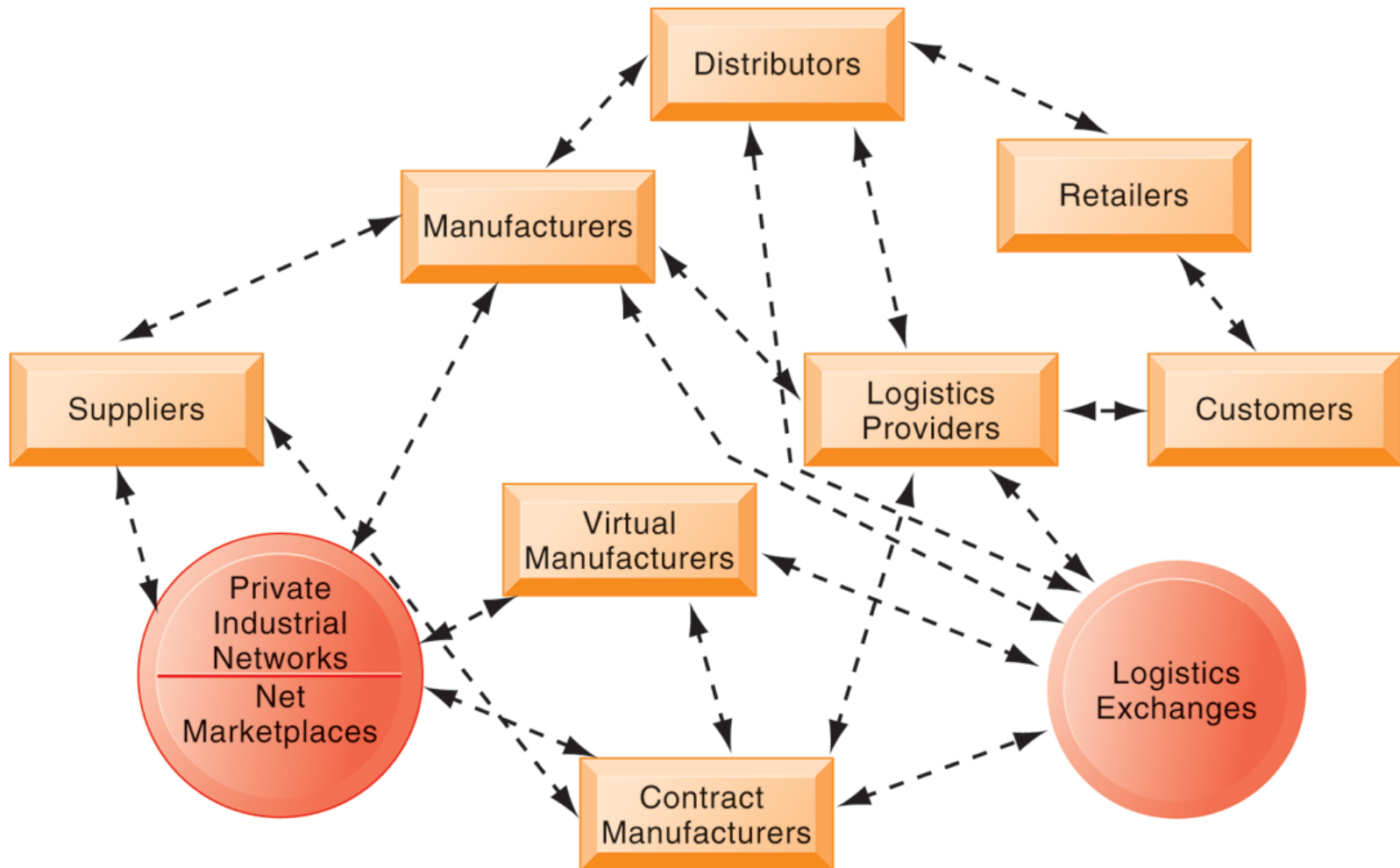
Push-Based Model



Pull-Based Model



THE FUTURE INTERNET-DRIVEN SUPPLY CHAIN

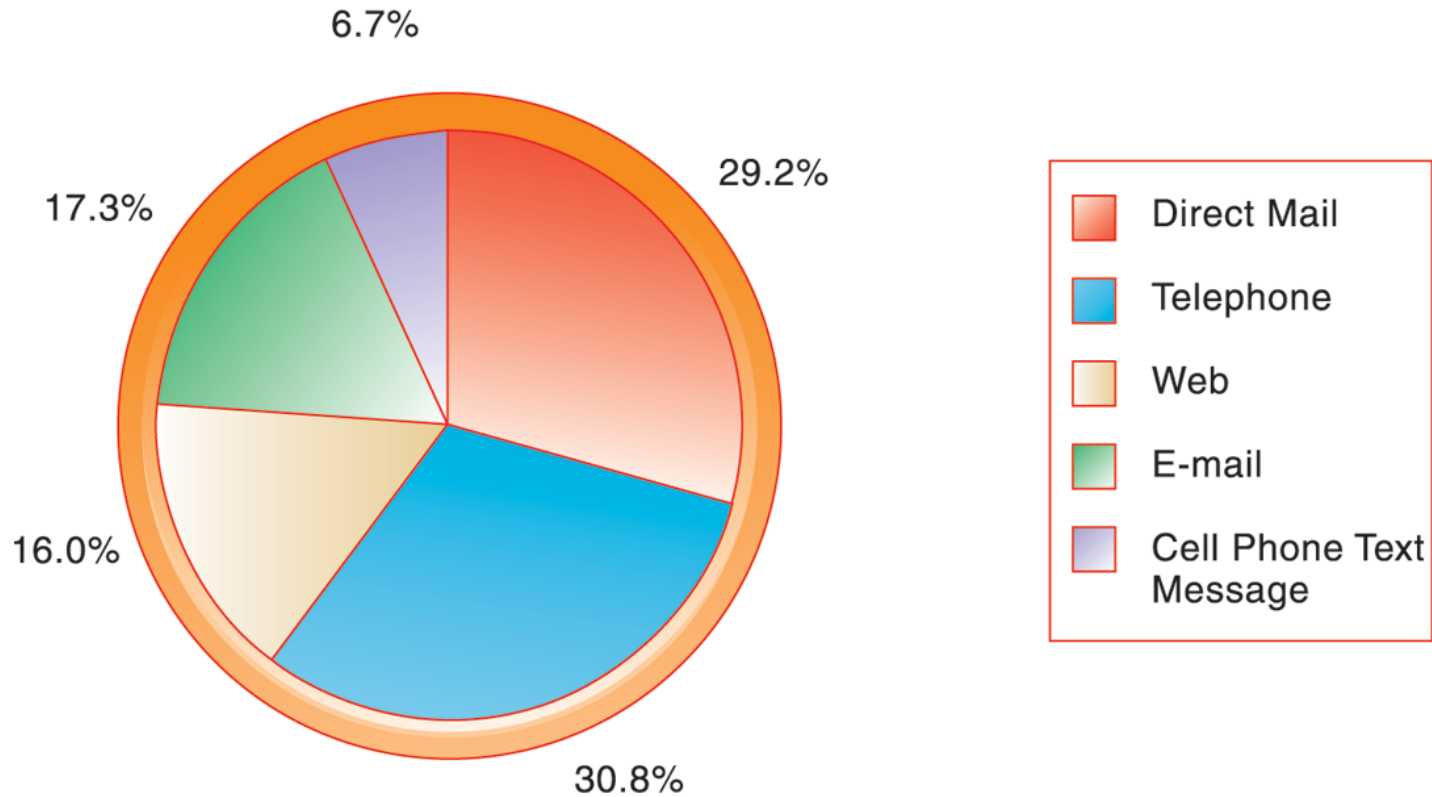


CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

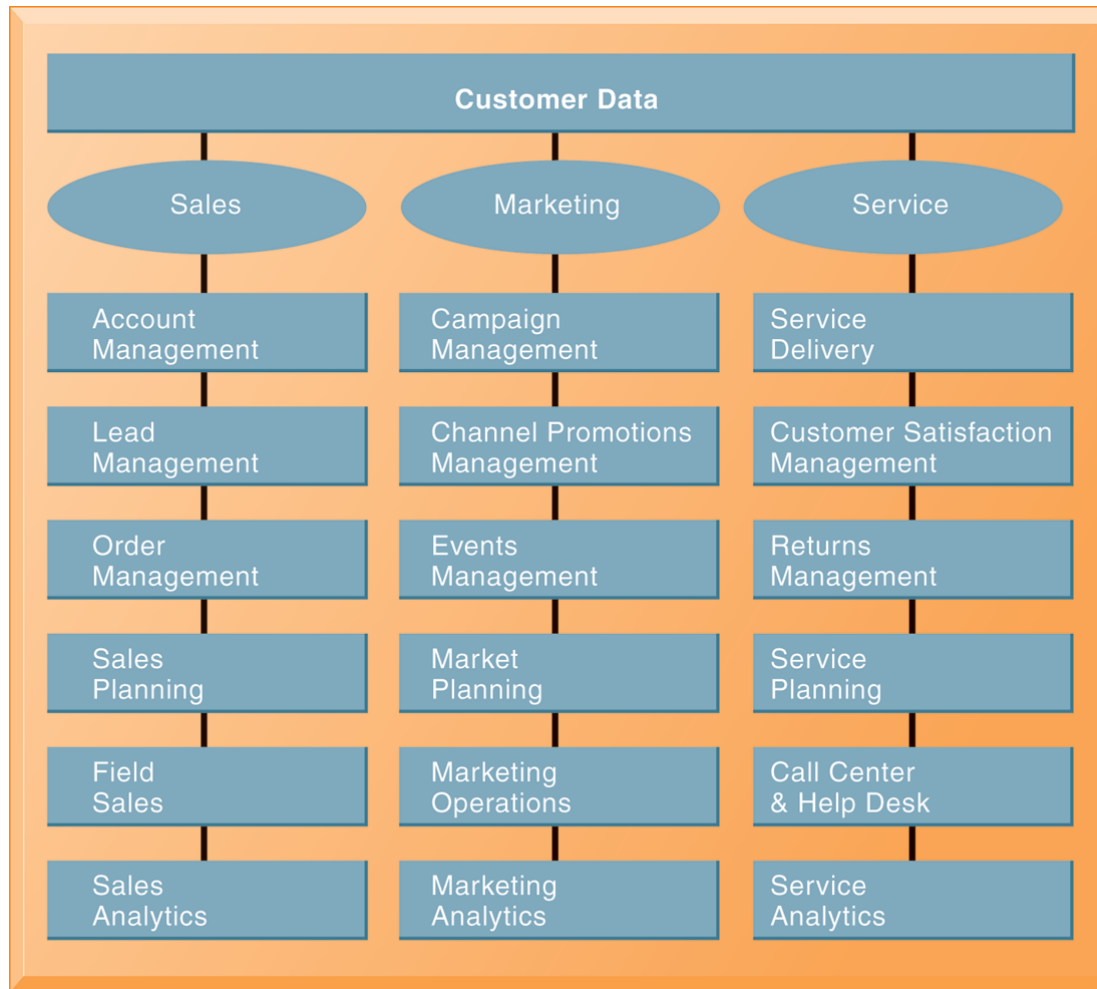


HOW CRM SYSTEMS SUPPORT MARKETING

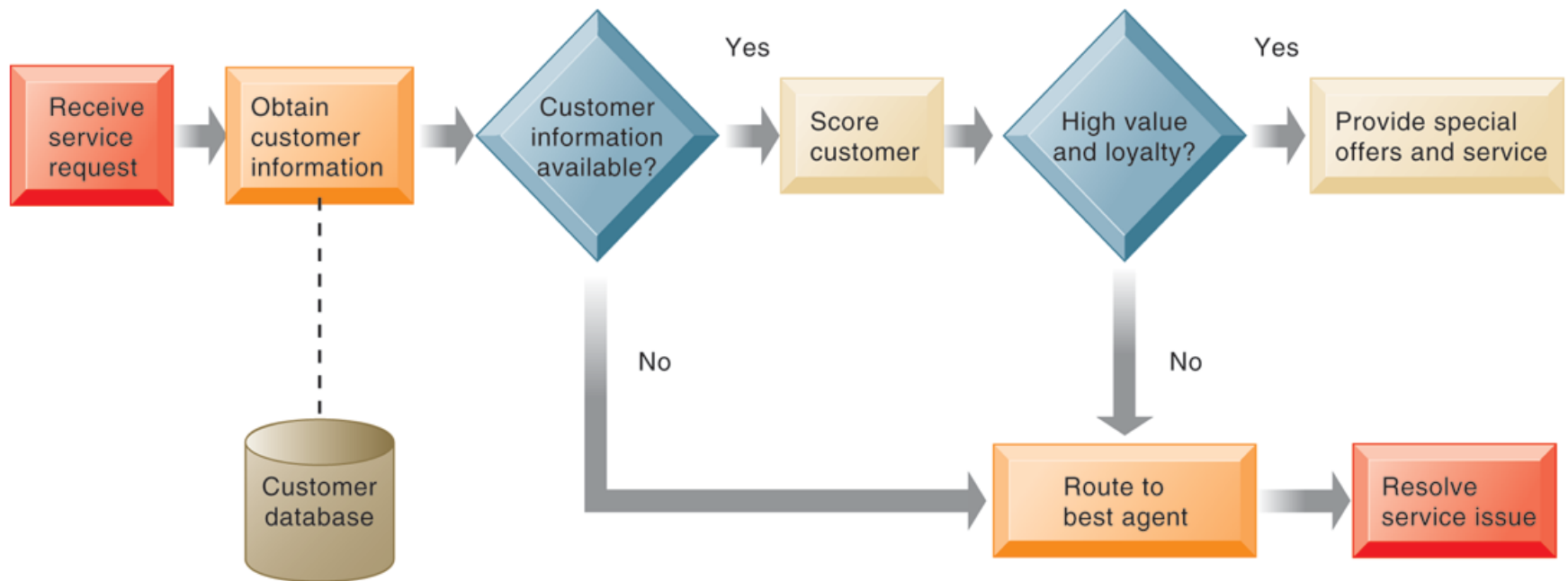
Responses by Channel for January 2011 Promotional Campaign



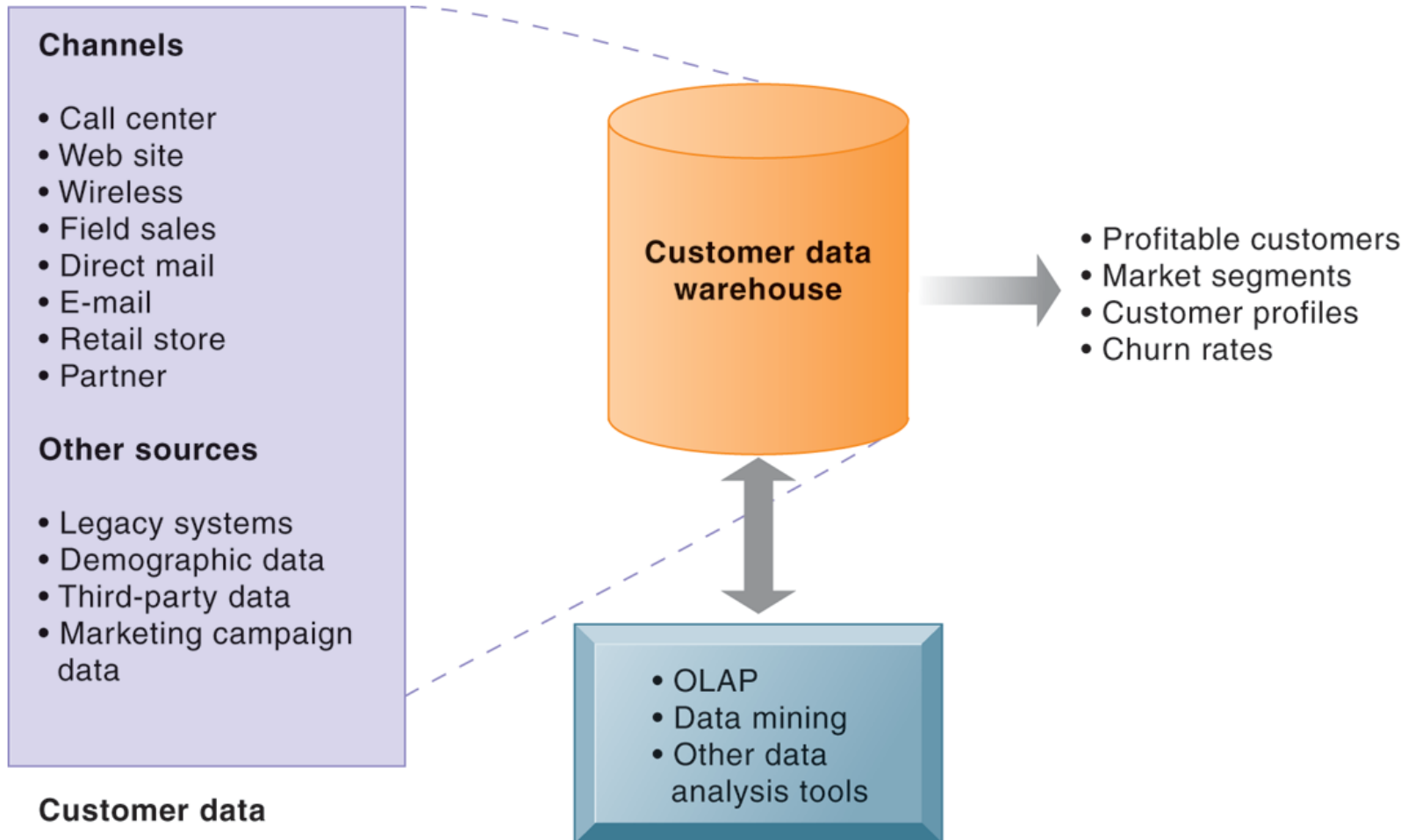
CRM SOFTWARE CAPABILITIES



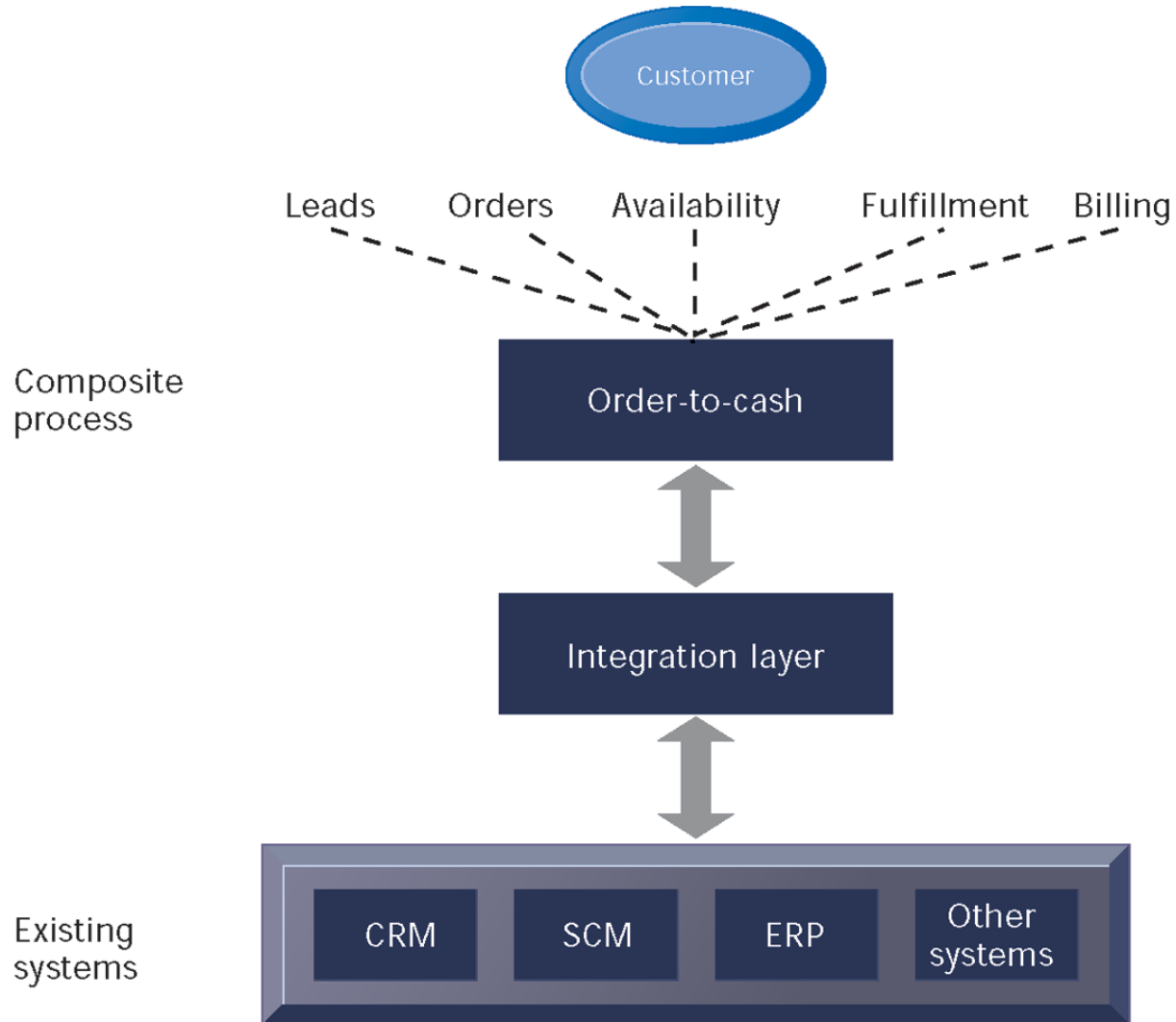
CUSTOMER LOYALTY MANAGEMENT PROCESS MAP



ANALYTICAL CRM DATA WAREHOUSE



ORDER-TO-CASH SERVICE



Amazon vs. Walmart:

Which Giant Will Dominate E-commerce? (Chap. 10) (pp. 436-438)

1. What concepts in the chapter are illustrated in this case?
2. Analyze Amazon and Walmart.com using the value chain and competitive forces models.
3. What are the management, organization, and technology factors that have contributed to the success of both Wal-Mart and Amazon?
4. Compare Wal-Mart's and Amazon's e-commerce business models. Which is stronger? Explain your answer.
5. Where would you prefer to make your Internet purchases? Amazon or Walmart.com? Why?

資訊管理個案

(Case Study for Information Management)

1. 請同學於資訊管理個案討論前
應詳細研讀個案，並思考個案研究問題。
2. 請同學於上課前複習相關資訊管理相關
理論，以作為個案分析及擬定管理對策
的依據。
3. 請同學於上課前
先繳交個案研究問題書面報告。

References

- Kenneth C. Laudon & Jane P. Laudon (2012),
Management Information Systems: Managing the
Digital Firm, Twelfth Edition, Pearson.
- 周宣光 譯 (2011),
資訊管理系統—管理數位化公司，
第12版，東華書局
- Alexander Osterwalder, Yves Pigneur & Christopher L. Tucci
(2005), “Clarifying Business Models: Origins, Present, and
Future of the Concept”, Communications of the Association for
Information Systems (CAIS), Vol. 15, No. 1, May 2005, pp. 1-25.
- Alexander Osterwalder & Yves Pigneur (2010),
Business Model Generation: A Handbook for Visionaries, Game
Changers, and Challengers, Wiley.